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No. 715.

In the Supreme Court of the United States

No. ..... *October Term* 1918.

HANOVER STAR MILLING COMPANY,
Petitioner.

vs.

D. D. METCALF,
Respondent.

D. D. METCALF,
Plaintiff in Error.

vs.

HANOVER STAR MILLING COMPANY,
Defendant in Error.

IN THE UNITED STATES CIRCUIT COURT OF APPEALS.

Fifth Circuit.

PETITION FOR WRIT OF CERTIORARI.

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PETITION FOR WRIT OF CERTIORARI.

To the Honorable, the Chief Justice and the Associate Justices of the Supreme Court of the United States:

Your petitioner, Hanover Star Milling Company, respectfully shows that it filed in the Dictrict Court of the

United States for the Middle District of Alabama, a Bill in Equity on, to wit, the 4th day of March, 1912, alleging in substance that petitioner was a body corporate, organized under and a citizen of the State of Illinois engaged in the manufacture of flour at Germantown, Illinois; that above named Respondent was a citizen of the State of Alabama, engaged in the business of selling flour at Greenville, in said District. That for, to wit, twenty-seven years petitioner had been manufacturing a superior and popular brand of flour, which for all those years it had sold under the name Tea Rose, under a distinctive marking, showing that the flour in each package offered for saie was petitioner's Tea Rose, specially patented flour. That said flour and such distinctive markings had been on the market in Alabama for, to wit, twelve years just prior to the filing of the Bill; that petitioner had by the maintenance of the high quality of said flour, and by its extensive advertising, built up a large market and an established reputation for said brand of flour, so that at the time the Bill was filed petitioner was selling annually in Alabama more than one hundred thousand dollars worth of said flour. That by reason of the high reputation of its Tea Rose flour petitioner was enabled to sell annually in Alabama large quantities of other flours of its manufacture at great advantage; that the reputation of Tea Rose flour extended to many other States and brought to petitioner a great volume of trade in other States than Alabama, particularly in Georgia and Florida, and said brand Tea Rose had become petitioner's common law trade mark. That until a few weeks just prior to the filing of the Bill, the flour manufactured by petitioner was the only flour offered for sale in Butler County, Alabama, or in the State of Alabama, under the name Tea Rose. That within said few weeks, said D. D. Metcalf, acting as the agent of a mill located at Steeleville, Illinois, had been selling in Alabama, and particularly in said Butler County, a flour different from that made by pe-

titioner, and had been marketing such flour in packages substantially identical with those used by petitioner in selling its Tea Rose flour, and had been using the name Tea Rose on such packages, and by this means was deceiving the purchasers of flour in Butler County into the belief that they were buying petitioner's flour known as Tea Rose. That the said D. D. Metcalf was acting with full knowledge of the unfair trade and fraudulent competition involved in placing before the trade the Steeleville, Illinois flour under the name of Tea Rose, and although notified and warned by petitioner that his selling the Steeleville article under the name of Tea Rose was violative of petitioner's rights and unfair competition, persisted in the use of said name Tea Rose, and the sale of said Steeleville flour under that name.

Petitioner charged that the use of said identical wrappings and markings for flour so sold by defendant Metcalf were intended to, are calculated to, and do in fact deceive the ordinary purchaser of flour into the belief that he is purchasing the flour marketed under that name by petitioner. And petitioner alleged and showed that said course of dealing by said D. D. Metcalf was a guilty infringement of petitioner's aforesaid common law trade mark. That the unfair competition carried on by said D. D. Metcalf threatened petitioner with great pecuniary loss and destroyed the prestige of its Tea Rose flour, and took from petitioner and transferred to its competitor the great value which inhered in the reputation and trade built up for its Tea Rose flour, and that if such unfair competition were continued, that petitioner would suffer loss and damage in a sum materially greater than $3,000, and the matter in controversy exceeded, exclusive of interest and costs, the sum or value of $3,000.00.

And petitioner prayed in its said Bill of Complaint that the said D. D. Metcalf be enjoined from the further sale of any flour manufactured by the Steeleville Company or any other person than petitioner labelled Tea Rose, and upon

the final hearing the temporary injunction be made perpetual, and that the court, by reference or otherwise, determine the damage sustained by petitioner through such unfair sales of flour, and that a decree be awarded petitioner for the amount so ascertained, and petitioner prayed for such other and further relief as it might be entitled to.

Said bill was defended by the Steeleville Milling Company, a corporation by which the flour offered for sale was manufactured.

On to-wit, March 26, 1912, the said D. D. Metcalf filed in the District Court his answer to said bill by attorneys employed by Steeleville Milling Company, wherein he admitted that petitioner was a corporation and citizen as alleged, and that he was a citizen of Alabama, engaged in selling flour as alleged; and, upon information and belief, denied the other material averments of the bill, and made two affirmative averments, by way of defense, viz:

> Paragraph 8. "That long period to twenty-seven years ago, the date of the first use by complainant as alleged in said bill, and as early as 1872, the name Tea Rose had been adopted, appriated and used as a trade mark for flour by the firm of Allen & Wheeler, of Troy, Ohio, and has been used by it and its successors, the Allen & Wheeler Company, continuously as a trade mark for flour, and is now used by the said Allen & Wheeler Company."

and

> Paragraph 8. "That long prior to twenty- on the flour purchased by him from the Steeleville Milling Company, of Steeleville, Illinois, has been in use by the said Steeleville Milling Company for more than sixteen years last past, and for more than six years last past knowingly to the complainant herein."

Upon motion for temporary injunction the respective parties filed affidavits establishing the following state of fact:

Hanover's flouring mill business dates back to the early eighties, and, since several years before the year 1893, Hanover has continuously used, in marketing a portion of its flour, the Tea Rose name and the Tea Rose sack, with the distinctive markings, which name and markings the bill is filed to protect. There is a tendency of the evidence to show that later in the nineties the Steeleville mill made a very limited use of the name Tea Rose on a sack substantially like the Hanover sack, but it does not appear that in that period the flours as respectively made by Hanover and Steeleville came into competition. However, much later, and in about the year 1905, Hanover and Steeleville were each offering flour under the name of Tea Rose to the same customer in Meridian, Mississippi. As to this conflict an appeal was made by Steeleville to the Millers' Association for adjustment of the conflicting claims to the name, and Hanover insisting upon the earlier adoption of the name, Steeleville appears to have abandoned its use in that market.

Subsequent to the Meridian incident, and about eight years before this suit was filed, Hanover determined to increase its southern trade, particularly in Alabama, Northeast Mississippi, Western Georgia and Northern Florida, and then began an extensive campaign of advertising, concentrating upon the name Tea Rose and the distinctive markings of the Tea Rose sack, as its vehicle of publicity. At the time this campaign of advertising and trade development was entered upon, no flour was being sold or advertised under the name Tea Rose in any of that territory by any manufacturer other than Hanover, and no flour had any reputation of any degree in that territory under that trade name except that made by Hanover. Hanover's total sales at the beginning of this campaign of advertisement amounted to between one hundred and one hundred and

twenty-five thousand dollars a year.

In advertising the picture method was favored. The Tea Rose name and picture as it is upon the sack became more than a familiar sight in large portions of the four different States upon thousands of three-pound sacks of flour distributed gratuitously; upon thousands of large bulletins, sign boards and banners; in the picture shows; upon large quantities of business stationery distributed to merchants; upon post cards; upon many silk pin cushions made in the form of miniature flour sacks; and upon the handles of pocket knives; the popularity and reputation of the flour was pushed by Hanover doing what is known as missionary work,—reselling to the retail merchants the flour ordered by the jobber. The money thus expended amounted to thousands of dollars. Hanover's sales were more than doubled, amounting at the time the bill was filed to between three and four hundred thousand dollars a year. More than half of it was Tea Rose flour and the remainder being sold upon the reputation of Tea Rose. The Hanover mill became known as the Tea Rose mill, and the capacity of the mill has been almost doubled to meet the growing business. The quality of its Tea Rose flour and the grade thereof was continously maintained at the same standard.

In this eight year period of advertisement and trade expansion neither Steeleville nor Allen & Wheeler offered or advertised any Tea Rose flour upon the market of this extensive southern territory. The name Tea Rose was nowhere in said territory in any wise associated with either the Steeleville mill or the Allen & Wheeler mill. Neither Steeleville nor Allen & Wheeler, during all of that time, advertised any of their flour under that name anywhere or by any means in the territory. Except that about five years after Hanover's campaign of publicity had begun Steeleville made isolated sales, one at Tupelo, and another at West Point, Mississippi, at a price considerably higher than that at which Hanover was marketing its Tea Rose. Such use

as Steeleville made of name "Tea Rose" either within or without the trade territory developed by Hanover, was first upon one grade and then upon another grade of flour; and never stood as an insignia for any definite quality of manufacture.

In February, 1912, the Steeleville mill attempted to sell a carload of flour packed in sacks labelled Tea Rose, looking as much as possible like Hanover's, through the respondent Metcalf, at Greenville, Alabama, at a lower price than that asked by Hanover for its "Tea Rose" and it was the sale and distribution of this carload of flour which led to the temporary injunction in this cause.

The testimony relative to Allen & Wheeler's adoption of the name Tea Rose consisted of two affidavits, one of Thomas B. Wheeler and the other of Henry M. Allen, which are substantially alike in their averments, which are these:

That Allen & Wheeler and Allen and Wheeler Company together have been engaged in the milling business at Troy, Ohio, for forty-five years; that in 1872, or prior thereto, the concern commenced to use as a trade mark for flour the word Tea Rose on a sack in no remotest degree resembling the Hanover sack; that in 1872 the concern sold flour under this brand as follows: seventy-five barrels to a customer in Cincinnati, one hundred barrels to a customer in Pittsburg, Pennsylvania, an unidentified number to one customer in New York, and that they had one customer other than the one buying the hundred barrels in Pittsburg; that later along in the seventies they had two customers for the flour in Boston, and, to use the general and indefinite language of the affidavit, "since the Allen & Wheeler Company appropriated and adopted said brand, Tea Rose, for flour, it has used same continuously to the present time."

It appears affirmatively from the testimony that the Allen & Wheeler flour and the Hanover flour have never at any time or place come in competition one with the other, either in point of sales, advertising or reputation.

Said cause was heard and determined, and on the 30th of December, 1912, a decree granting a temporary injunction against the defendant Metcalf was entered in said cause, as follows:

"Whereas in the above entitled cause the complainant has heretofore filed its bill of complaint and had obtained on the affidavits therewith presented a restraining order against the said respondent, and has duly served notice of its application for issuance of a preliminary writ of injunction against the said respondent as prayed for in said bill of complaint, and whereas said cause was set down for hearing before the Honorable Thomas G. Jones, Judge of the District Court of the United States for the Northern Division of the Middle District of Alabama, on the 26th day of March, 1912, and the parties complainant and respondent afterwards appearing by their respective solicitors, and the said Bill of Complaint having been presented and read to the Court, and the affidavits on behalf of the Complainant supporting the same, together with the affidavits presented on behalf of the Respondent upon said application, and the Court having read the briefs of counsel herein, and the cause having been submitted to the Court, the same is by the Court taken under advisement.

And now on this the 30th day of December, 1912, the Court having fully considered the matters involved herein, it is found that cause exists for the granting of a writ of injunction pending the final hearing of this cause, as prayed for and that irreparable injury will result to complainant if preliminary injunction does not issue pending the final hearing of the cause.

It is, therefore, ordered, decreed and adjudged by the Court that the said Respondent, D. D. Metcalf, his agents, servants, and all corporations, persons or partnerships doing or transacting business thro or under him, or by his order, be enjoined and restrained from the further sale or

offering or advertising for sale of any flour manufactured by the Steeleville Milling Company, or any person, firm or corporation other than the Hanover Star Milling Company, of any flour labelled "Tea Rose," at Greenville, Alabama, or at any place whatsoever in the Middle District of Alabama, until the further order of this court in the premises.

The Complainant having been required to furnish a good and sufficient injunction bond, duly conditioned in the penal sum of $1,000.00, with good and sufficient surety to be approved by the Court, and such bond having been furnished by Complainant and approved by the Court, it is thereupon, ordered, adjudged and decreed that this decree and order shall take effect only upon the issuance of the writ of injunction in conformity therewith."

That thereafter on, to wit, the 8th day of January, 1913, an appeal was allowed and perfected, and on the 3rd day of March, 1913, a transcript of all the proceedings was filed in the United States Circuit Court of Appeals for the Fifth Circuit sitting at New Orleans, and said cause was entered and docketed in said Court of Appeals, entitled D. D. Metcalf, Plaintiff in Error, v. Hanover Star Milling Company, Defendant in Error, and numbered No. 2476 on said docket; that the assignment of errors filed in said cause was as follows:

"D. D. Metcalf, defendant in the above entitled cause, conceiving himself aggrieved by the order granting a temporary injunction herein, entered on the 30th day of December, 1912, now appears by his solicitors and counsel, and presents with the accompanying petition for appeal from said order, the following assignment of errors:

First. The Court erred in granting a temporary injunction herein against this defendant.

Second. The Court erred in finding (as evidenced by a letter dated October 16th, 1912, written by the Court to the Counsel for the respective parties) that the evidence presents at least a case of unfair competition.

Third. The Court erred in holding (as evidenced by the letter above referred to) that the complainant is entitled to a preliminary injunction.

Fourth. The Court erred in not denying complainant's motion or application for temporary injunction or in not sustaining the return of this defendant to the order to show cause why an injunction should not be issued against him.

Fifth. The Court erred in granting a restraining order against this defendant.

Sixth. The Court erred in granting a temporary injunction against said defendant on the unadjudicated trade-mark "Tea Rose."

Seventh. The Court erred in not holding or finding that long prior to any use of the trade-mark "Tea Rose" by the complainant, said trade-mark had been adopted and used by Allen & Wheeler, of Troy, Ohio.

Eighth. The Court erred in not holding that the complainant was not the owner, nor had any exclusive right to the use of the words "Tea Rose" as a trade mark for flour.

Ninth. The Court erred in not refusing a temporary injunction against this defendant on the ground of laches alone.

Tenth. The Court erred in finding that any cause exists for the granting of a preliminary injunction.

Eleventh. The Court erred in not denying complainant's motion or application for preliminary injunction.

Twelfth. The Court erred in that it did not deny complainant's motion or application for preliminary injunction on the ground that complainant was not the owner of the trade-mark "Tea Rose."

Thirteenth. The Court erred in that it did not find that the defendant had not invaded any property right of the complainant, nor had unfairly competed with complainant.

Fourteenth. The Court erred in that it did not find that long prior to the first use of the words "Tea Rose" by the complainant, and as early as 1872, said words "Tea Rose" had been adopted and used as a trade-mark for flour by the co-partnership of Allen & Wheeler, and that said firm sold flour under this brand at Cincinnati, Ohio, Pittsburg, Pennsylvania; New York, New York; and Boston, Massachusetts.

Fifteenth. The Court erred in that it did not find that defendant had not infringed on any lawful rights of complainant nor that a single customer had ever been deceived into buying defendant's flour made by the Steeleville Milling Company, for the Complainants' flour.

Sixteenth. The Court erred in granting a preliminary injunction against this defendant enjoining and restraining him from the further sale or offering or advertising for sale of any flour manufactured by the Steeleville Milling Company, or any person, firm or corporation other than the Hanover Star Milling Company, or any flour labelled "Tea Rose," at Greenville, Alabama, or at any place whatsoever in the Middle District of Alabama, until the further order of this court in the premises.

Seventeenth. The Court erred in that it did not hold that the complainant was not the first to adopt and use the words "Tea Rose" as a trademark for flour—was not the owner thereof and had no right to exclude others from the use thereof.

Wherefore defendant prays that the said order and decree be reversed and the District Court be directed to withhold the granting of any injunction against this defendant until the final hearing of this cause and that the Court of Appeals will render a proper decree on the record."

That afterwards on, to-wit: the 19th day of March, 1913, the cause came on to be heard in the U. S. Circuit Court of Appeals, before the Honorable Don A. Pardee, the Honorable D. D. Shelby, and the Hon. Wm. B. Sheppard, and on the 8th day of April, 1913, a decree was entered in said cause by the United States Circuit Court of Appeals for the Fifth Circuit as follows:

This cause cam eon to be heard on the transcript of the record from the District Court of the United States for the Middle District of Alabama, and was argued by counsel;

On consideration whereof, it is now here ordered, adjudged and decreed by this Court, that the decree of the said District Court, in this cause, be, and the same is hereby reversed, and the cause remanded to said District Court with directions to dismiss the bill;

It is further ordered, adjudged and decreed that the Appellee, Hanover Star Milling Company, be condemned to pay the costs of this cause in this Court, for which execution may be issued out of said District Court.

~~(Set out judgment of reversal)~~

Petitioner attaches hereto a certified copy of the entire transcript of the record of said cause, including the proceedings in the Circuit Court of Appeals, and marks the same Exhibit "A" and prays that the same may be taken as a part of this petition.

Your petitioner is advised that said judgment of the United States Circuit Court of Appeals is final, and is erroneous; and that this honorable court should require the case to be certified to it for its review and determination under the Acts of Congress permitting causes made final in the Circuit Court of Appeals to be certified for revision for the following reasons:

1. The decision of said Circuit Court of Appeals was directly contrary to the decision of the Circuit Court of Appeals for the Seventh Circuit rendered on, to wit, the ..... day of April 1913 ..... in a certain cause therein pending wherein your petitioner was Appellant and Allen & Wheeler Company were the Appellee, involving the same trade mark as involved in this suit, and a claim of priority by the said Allen & Wheeler, and it is of the utmost importance that there should be uniformity in the decisions of the various Circuit Courts of Appeals as to the existence, validity, ownership and alleged infringement of trade mark 5:

2. That said Circuit Court of Appeals erroneously decided that the principal question for decision was the infringement of a trade mark and that the right of protection against an infringement of a trade mark depended upon the antecedent fact of first and exclusive use; and erroneously decided that the adoption of the name Tea Rose by Allen & Wheeler, with whom the said Steeleville Mill Company showed no connection, in a territory altogether remote from the trade territory developed by your petitioner, was destructive of petitioner's right to a valuable market, built up without interference with Allen & Wheeler and in ignorance that said Allen & Wheeler had ever used such a name, and in the absence of any showing that Allen & Wheeler had ever used said name so as to identify it with their manufacture.

3. Said Circuit Court of Appeals erroneously decided that trade mark property was not limited to the territory

occupied by the trade which was incident to the mark.

4. It erroneously ignored the admitted fact that the Steeleville Company so used the name Tea Rose on different grades of flour that it never with that concern became an insignia for a definite or maintained quality of flour.

5. It erroneously failed to give due weight to the uncontroverted fact that the use of the name Tea Rose by the Steeleville Company was in a territory entirely different from that in which petitioner had built up a reputation for its flour.

6. It erroneously failed to give due force to the admitted fact that when petitioner began its extensive advertising the name Tea Rose as a flour was unknow nin Alabama by either sales, advertisement or reputation.

7. It erroneously ignored the fact that the Steeleville flour, put up in Tea Rose sacks, was a lower priced flour than was theretofore sold under that name and that such inferior flour was deliberately put in such sacks for the purpose of appropriating petitioner's reputation.

Wherefore, your petitioner respectfully prays that writ of certiorari be issued under the seal of the court directed to the United States Circuit Court of Appeals for the Fifth Circuit, sitting at New Orleans, commanding the court to certify and send to this court on a day to be designated, a full and complete transcript of the record and all proceedings of the Circuit Court of Appeals had in said cause, to the end that this cause may be reviewed and determined by this Honorable Court, as provided by the Acts of Congress, approved March 3rd, 1891, establishing the Circuit Court of Appeals, and defining and regulating their jurisdiction; and that the said judgment of the Circuit

Court of Appeals be reversed by this Honorable Court, and for such further relief as may seem proper.

And your petitioner will ever pray.

E. L. CLARKSON,
J. E. MORRISETTE,
JOHN LONDON,

Henry Fitts

Attorneys for petitioner.

STATE OF ALABAMA
JEFFERSON COUNTY

Before the undersigned authority personally appeared Henry Fitts, who being first duly sworn deposes and says that he is one of the attorneys for the above named petitioner; and was such both at the trial of said cause in the said District Court of the United States and said Circuit Court of Appeals and is familiar with the proceedings had in both of said courts, and that the facts stated in the foregoing petition are true as therein stated to the best of his knowledge and belief.

Henry Fitts
HENRY FITTS.

Sworn to and subscribed before me on this 18th day of September, 1913.

Olive Greene
OLIVE GREENE,
Notary Public.

Office Supreme Court, U. S.
FILED
NOV 25 1913
JAMES D. MAHER
CLERK

In the
Supreme Court of the United States

No. [redacted] 23 *October Term* 1913.

HANOVER STAR MILLING COMPANY,
Petitioner.

vs.

D. D. METCALF,
Respondent.

D. D. METCALF,
Plaintiff in Error,

vs.

HANOVER STAR MILLING COMPANY,
Defendant in Error.

IN THE UNITED STATES CIRCUIT COURT OF APPEALS.

Fifth Circuit.

Brief of Petitioner in support of petition for writ of Certiorari.

PARAGON PRESS

In the
Supreme Court of the United States

No. *October Term* 1913.

HANOVER STAR MILLING COMPANY,
Petitioner.

vs.

D. D. METCALF,
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D. D. METCALF,
Plaintiff in Error,

vs.

HANOVER STAR MILLING COMPANY,
Defendant in Error.

IN THE UNITED STATES CIRCUIT COURT OF APPEALS.

Fifth Circuit.

Brief of Petitioner in support of petition for writ of Certiorari.

The facts involved in this litigation have been separtely submitted to the Circuit Court of Appeals for the Seventh judicial circuit, sitting at Chicago, and the Circuit Court

of Appeals for the Fifth Circuit, sitting at New Orleans. The conclusions reached by the respective courts are diametrically opposed. The Chicago case was argued in January, 1913, before Judges Baker, Anderson and Sanborn; the New Orleans case was argued late in March of the same year before Judges Pardee, Shelby and Sheppard. The opinion of the New Orleans court was written by Judge Sheppard and handed down on April 8th. A few days later the opinion of the Chicago court, as written by Judge Baker, was handed down.

The temporary injunction having been granted in this case by the District Court for the Middle District of Alabama, the Steeleville Mill, by promising to pay all attorneys fees and expenses, induced Allen & Wheeler Company, a flour mill corporation of Troy, Ohio, to permit a Bill to be filed in its name against the Hanover-Star Milling Company in the District Court for the Eastern District of Illinois. The Steeleville Mill there presented for said Allen & Wheeler, the nominal complaint, the same state of fact which it had set up as a defense for Metcalf in Alabama. The Hanover Mill made substantially the same showing in defense to that Bill, which it had made in support of its own Bill in Alabama. The cases are the same, except that the relative position of the parties litigant is reversed.

The Circuit Court of Appeals for the Seventh Circuit has to its credit a long line of well considered cases, involving the subject here under discussion, and we believe that as great as is the reputation of the presiding judge of that court for ripe and broad scholarship, that he is pre-eminently recognized as an authority in this branch of the law. While the Circuit Court of Appeals for the Fifth Circuit has had little or no experience in this branch of learning. The reports of its decisions demonstrate that it has not been engaged with this sort of litigation. The opinion of his Honor, Judge Sheppard, in the instant case shows, we submit, that the basic principle of unfair trade has eluded the judicial grasp. He has confused the symbol

with the thing symbolized. He has made a fetish of the trade mark but wholly neglected the importance of the trade of which the mark is but an incident and sign.

The facts of this case have already been stated in the petition for the writ, and we refrain from repeating them here. The opinion of Judge Baker discusses and qualifies the citations relied upon in both courts by counsel for the Hanover Mill. It disects each authority relied upon in both courts by the Steeleville Mill, and shows that no one of them aids its contention. Little remains for us to do but to lay that opinion, thus far unpublished, before your Honors *in extenso*.

IN THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

No. 1926. *October Term,* 1912. *January Session,* 1913.

HANOVER STAR MILLING COMPANY.
Appellant.

vs.

THE ALLEN & WHEELER COMPANY,
Appellee.

Appeal from the District Court of the United States for the Eastern District of Illinois.

Before BAKER, *Circuit Judge,* and ANDERSON and SANBORN, *District Judges.*
BAKER, *Circuit Judge,* delivered the opinion of the court:

This is an appeal from a preliminary injunction. Bill, affidavits, counter-affidavits, and exhibits disclose the following facts.

Complainant (appellee), an Ohio corporation, owns and operates a flour mill at Troy, Ohio. Since 1872 it has used the words "Tea Rose" as a common law trade mark to designate one of its makes of flour. Though its bill and affidavits say generally that its trade extended throughout the

United States, the only particulars exhibited disclose that its trade was within the territory north of the Ohio River. And the showing of defendant clearly establishes, on the present record, that complainant never had any trade in its "Tea Rose" brand in the southeastern territory comprising Georgia, Florida, Alabama and Mississippi. In recent efforts to establish a trade in said southeastern territory, complainant has used only its "Trojan" and "Eldean Patent" brands. Complainant did not learn until in 1912, shortly before the bringing of this suit, that defendant had built up and was conducting an extensive trade in a "Tea Rose" brand of flour throughout said southeastern territory.

Defendant is an Illinois corporation, owning and operating a flour mill at Germantown, Ill. Continuously since 1893 defendant has used the words "Tea Rose" in marking its flour sacks. Beginning in 1904 defendant conducted an active campaign to build up a large trade in its "Tea Rose" flour in said southeastern territory, with the result that when this suit was filed defendant's sales of "Tea Rose" flour amounted to more than $150,000 a year. Defendant adopted "Tea Rose" as its mark in perfect good faith, with no knowledge that anyone else was using or had used those words in such a connection. In the flour trade in said southeastern territory the mark "Tea Rose" has come to mean defendant's flour, and nothing else.

If this were what is commonly known as an "unfair competition" case in distinction from a technical "trade mark" case, complainant could not be given any relief for two reasons: 1. There is not and never has been any competition between the two flours in the same markets, hence no "unfair" competition, no palming off of defendant's flour as complainant's, no trespass committed or threatened upon complainant's good-will. And 2. If the words "Tea Rose" were open to common use, like the family name of the maker or the geographical designation of the place of manufacture or words descriptive of the grade of the goods, the

make-ups of the two bags are so distinctive in color, lettering, wording, and names and addresses of makers, that, from a comparison alone, it could not be found that confusion would be likely to result. On the facts as now presented this case therefore turns on the correctness of complainant's insistence that, the words "Tea Rose" being proper for adoption as a technical trade mark and complainant having appropriated the mark and applied it to its flour, thereby complainant acquired the mark as its property and had the right to exclude others from using it in the flour trade throughout the territory of the United States, irrespective of the questions of how far complainant's trade, reputation, and good-will actually extended, and whether defendant had interfered or was threatening to interfere with complainant's established business.

Use of an arbitrary and distinctive mark to indicate the origin or ownership of articles of trade—the dealer's "commercial signature"—is very old. It may have begun because the general run of consumers in those ancient times could not have read the dealer's business name and address if he had written them upon his articles in the vernacular. And throughout, the question whether or not a trade mark is property has often been mooted. Lord Langdale in *Perry* v. *Truefit*, 6 Beav. 73: "I own it does not seem to me that a man can acquire a property mercly in a name or mark." Vice Chancellor Sir W. Page Wood in *The Collins Co.* v. *Brown*, 3 K. & J. 423: "It is now settled law that there is no property whatever in a trade mark." Lord Herschell in *Reddaway* v. *Banham*, A. C. (1896) 199: "I doubt myself whether it is accurate to speak of there being property in a trade mark." On the other hand the books are full of cases in which by implication or direct statement it is declared that trade marks are property. But the dispute is only apparent; the minds of the various courts are found to be in accord when the basis of the cause of action and the reason for granting injunctive relief are considered.

In *Perry* v. *Truefitt, supra*: "I think the principle upon which both the courts of law and of equity proceed in granting relief and protection in cases of ths sort is well understood. A man is not to sell his own goods under the pretense that they are the goods of another man. He cannot be permitted to practice such a deception, nor to use the means which contribute to that end. He cannot, therefore, be allowed to use names, marks, letters or other indicia, by which he may induce purchasers to believe that the goods which he is selling are the manufacture of another person."

In *The Collins Co.* v. *Brown, supra*: "A person may acquire a right of using a particular mark for articles which he has manufactured, so that he may be able to prevent any other person from using it, because the mark denotes that articles so marked were manufactured by a certain person; and no one else can have a right to put the same mark on his goods, and thus to represent them to have been manufactured by the person who originally used that particlar mark. That would be a fraud upon the person who first used the mark in the market where his goods are sold. The simplest case is, where a man put his name and address on the goods which he manufactures; it would be unlawful for another manufacturer to put that name and address on his goods, because to do so would be to give to all the world the impression that they were manufactured by the person whose name and address they bore.

"The simple question in these cases is, has the plaintiff by the appropriation of a particular mark, fixed in the market where his goods are sold a conviction that the goods so marked were manufactured by him; and if so and if no one else has been in the habit of using that mark, another man has not the right to use that mark so as to commit the fraudulent act of palming off his goods as being the goods of the person known to have been in the habit of using it."

So it is evident that those who deny that trade marks are property agree with the others that complainants are en-

titled to protection in the use of trade marks. And both sides meet in finidng that the cause of action is the injury done or threatened to a complainant's trade in which he has used the marks in question to designate the origin or ownership of his goods and that the appropriate relief is to enjoin the defendant from using the marks to divert trade that otherwise would have gone or would go to the complainant. Whether trade marks are accurately called property or not, it is clear that some of the rights that are incident to property do attach to them; and therefore, just as courts sometimes state jurisdictional facts by describing corporation parties as "citizens," it may be convenient to speak of trade marks as "property," as a short way of expressing a limited truth that requires ampler means for a complete and accurate statement. And that limited truth is as compactly defined as anywhere else in *Weston v. Ketcham*, 51 How. Pr., 455: "There is no such thing as a trade mark 'in gross,' to use that term of anology. It must be "appendant" of some particular business in which it is actually used upon or in regard to specified articles."

It is not the trade mark, but the trade, the business reputation and good-will, that is injured; and the property or right in the trade is protected from injury by preventing a fraud-doer from stealing the complainant's trade by means of using the complainant's "commercial signature."

From these considerations of the nature of trade marks and the basis and scope of trademark suits, it would follow that complainant in this case has no property in the mark "Tea Rose," like property in its mill and wheat and flour, has no monopoly of a patent or a copyright; has no right at all to the mark "in gross," but a right only to the extent that the mark is "appendant" to its trade; has no basis of complaint except for injury to its business; and (since defendant has traded honestly in markets where complainant is unknown and has neither committed nor threatened an injury to complainant's reputation and goodwill) has no cause of action in equity. But complainant

nevertheless relies upon expressions to the effect that trade marks are without "territorial limitation," are the exclusive property of their first adopters throughout the sovereignity within which they were anywhere applied by them to articles of commerce; and contends that the "unfair competition" cases in which the concurrent use of marks or names not susceptible of adoption as technical trade marks was permitted, provided fraud and deception were sufficiently guarded against, have no application. It is proper, therefore, to inquire, What is the nature of the differences between "unfair competition" and "technical trade mark" cases? and, In what sense, if any, is it true that trade marks have no territorial limitation?

When suits were based solely upon the fraudulent use of technical trade marks, very frequently the controversies were confined to the defense that the marks in question were not susceptible of exclusive appropriation. Under the influence of the fact that the upholding of that defense would defeat a "trade mark" suit, courts have sustained as "trade mark" cases many that today would probably be classed as "unfair competition." But complainants soon began to reply, If it be true that these marks have no primary signification that we are the originators or owners of the articles so marked, nevertheless consumers in the markets where our goods are sold have come to recognize them as ours by means of these marks, which have thus acquired a secondary meaning that points to us as originators or owners, and the defendant has no more equitable right to use that mark in its secondary meaning than any mark of primary meaning as a mask for robbing us of our trade. This reply called sharp attention to the foundation of the "trade mark" suit and the reason for granting injunctive relief, and it was seen that, inasmuch as the trade, not the mark, was the property involved and that the remedy was to stop the defendant's dishonesty in trade, it was immaterial whether the fraud-doer was filching trade by means of using others' marks in their primary meaning, or others'

real names or nicknames, or simulated dress, or merely oral misrepresentations apart from all marks, names, or dress upon the articles. 38 Cyc. 680 and 756, and cases cited.

If a dealer adopts an arbitrary mark that is then meaningless in trade, his application of it to his article creates its only meaning. He is entitled to protection in the use of that meaning as appendant to his trade. If a dealer marks hi shaving soap by the family name of "Williams," or his ale by the name of the village of "Stone," or his starch by the name of the hamlet of "Glenfield," his application of the name does not create its only meaning; but if his trade creates a new meaning for the name, then he is entiltled to just as full protection in the use of that meaning as if that were the only one. Others may use the common word in its common meaning, but they cannot use it in the particlar meaning created by the complainant.

In both the "trade mark" and the "unfair competition" cases the ground of the action and the reason for the remedy are identical. They are all cases of unfair competition in trade, and the remedy is to tie the hands of the unfair trader. To the extent that differences exist, they pertain, not to the underlying principle, but to the methods and degrees of proof required to enforce the principle. If a dealer has adopted a true trade mark, his trade has given the mark its only meaning, and he need produce no other proof respecting meaning. If he has applied to his article a mark or name that had an existing meaning, it is incumbent on him to establish the fact that his trade has added a new meaning that is exclusively appendant to his trade. If a defendant has put into a common market his articles bearing another dealer's technical trade mark no further need of fraud is required. If a defendant has put into a common market his articles bearing a mark or name that had a common meaning, the complainant must show that the defendant is using the mark or name, not in its common meaning, but in its new meaning created by the complainant. In

"trade mark" cases, it is sometimes said that proof of fraudulent intent need not be made. This is hardly accurate, the truth being that proof of knowing use carries proof of intent. In "unfair competition" cases, it is sometimes said that proof of actual intent must be furnished. But if by this it is declared that to uncover the defendant's malevolent purpose is enough, the statement goes too far, for an intention to filch business unaccompanied by any efficient means is not actionable. The intent that makes the defendant liable is the intent that is found in his proven acts. Now inasmuch as these differences, and any others we have ever noticed, relate to the methods and degrees of proof, and not to the nature and principle of the suit, it follows that "unfair competition" cases are applicable to the determination of the nature and principle of this suit. And in "unfair competition" cases, "of course there must be actual competition before there can be any unfair competition." 38 Cyc. 760, and notes. And since a "trade mark" suit is an "unfair competition" suit in nature and principle, complainant in this suit has no standing because there is no competition.

"Unfair competition" cases are likewise in point on the question. In what sense, if any, is it true that trade marks have no territorial limitations?

In *Levy* v. *Waitt*, 61 Fed. 1008, 25 L. R. A. 190, Levy was the elder adopter of the word Blackstone (geographical) as a brand for cigars. At the time of the suit Levy had a large trade in his Blackstone cigars in New York and the west, and Waitt had built up an extensive business in his Blackstones in New England. Waitt adopted the word Blackstone without knowledge of its previous use by Levy. Before Waitt established his New England trade Levy had sold some of his Blackstone cigars in New England. But the sales were few and intermittent and resulted in no trade. To New England dealers and consumers the word Blackstone pointed to Waitt as the maker. Inasmuch as Levy had no property right in the brand except as appen-

dant to his trade, no property right beyond insisting that the public be not deceived to the injury of his trade, he had no rights against Waitt in New England, whatever might be his rights in the use of that brand against Waitt or others elsewhere.

In *Cohen* v. *Nagle*, 190 Mass. 4, 2 L. R. A. (N. S.) 966, the complainant Cohen adopted the word Keystone to identify a brand of his cigars, and built up a large trade therein throughout New England. He believed that he was the originator of the word as applied to cigars; but, before his time, the word was used as a brand in the cigar business in the middle and western states. Defendant Nagle, after Cohen has established his New England trade, began marketing in New England Keystone cigars which he purchased from a manufacturer in Pennsylvania where it was claimed that the manufacturer had a lawful right to use that word as a brand for cigars. The trial court protected Cohen by an injunction limited territorially to New England. On appeal the decree was affirmed, the majority holding that, inasmuch as Cohen had not taken a cross-appeal, no question whether he had trade rights beyond the limits of his trade was before the court. Three justices expressed the view that Cohen's trade rights did not extend beyond the limits of his trade.

Carroll in Maryland and McIlvaine in New York (171 Fed. 125) had each in his locality established a trade in Baltimore Club whiskey. About thirty years later Carroll extended his trade to New York and sought to stop McIlvaine on the ground that Carroll was the originator of the brand. It was held in substance that, conceding priority to Carroll, and independently of whether the brand was a technical trade mark or merely a trade name, Carroll was not entitled to an injunction, because it was not Carroll's prior appropriation of the mark or name, but his prior appropriation of trade through the use of the mark or name, that was to be protected.

These cases indicate to us that it is true in a sense that trade marks are without territorial limitation; but not in the sense meant by complainant. The sense we perceive is one that goes back to the foundational purpose of the trade mark suit. Since it is the trade, and not the mark, that is to be protected, a trade mark acknowledges no territorial boundaries of municipalities or states or nations, but extends to every market where the trader's goods have become known and identified by his use of the mark. But the mark, of itself, can not travel to markets where there is no article to wear the badge and no trader to offer the article.

Contrary to this view, certain cases are to be noticed.

In *Derringer* v. *Plate*, 29 Cal. 292, 87 Am. Dec. 170, Derringer was a manufacturer of pistols at Philadelphia, Plate at San Francisco. This statement appears in the opinion: "The manufacturer at Philadelphia who has adopted and uses a trade mark has the same right of property in it at San Francisco that he has at his place of manufacture." Yes, if Derringer was selling his pistols in the San Francisco market or any market where Plate was trying to palm off his pistols as Derringer's; and we find nothing in the report to show that such was not the fact.

In *Kidd* v. *Johnson*, 100 U. S. 617, Johnson was the assignee of the property and good will, including a trade mark, of a distillery business at Cincinnati. Kidd was causing whiskey to be sold in New Orleans under the same trade mark. Johnson obtained in the United States Circuit for the District of Louisiana an injunction, which was affirmed on appeal. The question was the validity and extent of the assignment of the trade mark. Among other things, the court said: "That transfer was plainly designed to confer whatever right Pike possessed. It, in terms, extends the use of the trade mark to Mills, Johnson & Co., and their successors. Such use, to be of value, must necessarily be exclusive. If others also could use it, the

trade mark would be of no service in distinguishing the whiskey of the manufacture in Cincinnati; and thus the company (the assignee of the business and the mark) would lose all benefit arising from the reputation the whiskey manufactured there had acquired in the market. *The right to use the trade mark is not limited to any place, city or State, and, therefore, must be deemed to extend everywhere.* Such is the uniform construction of licenses to use patented inventions. If the owner imposes no limitation of place or time, the right to use is deemed co-extensive with the whole country and perpetual." Complainant lays stress on the sentence we have italicized. But the context shows, we think, that trade marks were not classed with patent monopolies; that the comparison was between the assignments, not the things assigned; that, inasmuch as Pike had given an unrestricted assignment, "The (assignee's) right to use the trade mark is not limited to any place"; that, though the distillery was located at Cincinnati, the goodwill of the business and the trade mark as the badge thereof could extend throughout the country; and that, since the thing to be protected was "the reputation the whiskey there manufactured (at Cincinnati) had acquired in the market," an injunction should be granted to keep the pirate Kidd out of any market in which the whiskey had acquired a reputation. And nothing in the reported case indicates that the genuine Pike's Magnolia Whiskey was not sold and well known in the New Orleans market.

In *Griggs, Cooper and Co., complainant*, v. *Erie Preserving Co.*, 131 Fed. 359, complainant was a wholesale grocer at St. Paul, dealing in canned goods under the common law trade mark Home Brand, adopted in 1889, and having a trade extending through Minnesota, Wisconsin, North and South Dakota, and Montana. Defendant later came into the same territory and undermined complainant's trade by use of the same mark. In 1877 Fry & Co., a Pennsylvania corporation, had adopted the identical mark and in 1885 and 1892 registered the mark under the numbers

11850 and 20913. Complainant, learning this in 1900, took a license or limited assignment from Fry to use this registered trade mark in said northwester territory. The extent of Fry's trade is not stated; but seemingly complainant in establishing its trade had not come into collision with Fry. At any rate Fry's license or assignment does not profess to convey to complainant Fry's business, reputation, and good-will, or any part thereof; and throughout the territory in question the mark Home Brand pointed exclusively to complainant as producer. On the ground that Fry's license or assignment gave complainant an exclusive proprietary interest in Home Brand within said northwestern territory, the defendant was enjoined. The decree, we believe, is sustainable on the underlying principle of the trade mark suit and on the analogies of the Blackstone, Keystone and Baltimore Club cases. But in looking to the decision as authority for complainant's proposition that a trade mark has an existence independent of the trade to which it is appendant, we suggest that the registry statute does not purport to create a new right, but only to regulate a pre-existing right; that the regulation is confined to commerce with foreign nations and Indian tribes and does not touch the interstate and intrastate commerce in which the parties to the suit were competing; and that the cases of *Kidd* v. *Johnson*, 100 U. S. 617, and *Fish Bros. Wagon Co.* v. *Fish Bros. Mfg. Co.*, 95 Fed. 457, as we read them, are not authorities for the proposition that Fry's license or limited assignment of the registered trade mark, unaccompanied by any transfer of business and goodwill, was effectual to give complainant a monopolistic right in Home Brand in interstate and intrastate commerce in said northwestern territory.

Hygeia Distilled Water Co. v. *Consolidated Ice Co.*, 144 Fed. 139, is a case wherein the complainant, beginning in 1885, built up a trade in distilled water under the trade mark Hygeia in the territory of New York and "other states" unnamed. In 1890 defendant innocently adopted

the same trade mark for its distilled water and acquired a trade in "Pittsburgh and the surrounding territory." Each party remained in ignorance of the other and its doings until 1904, shortly before the start of the suit, when complainant's counsel notified defendant to quit. Down to that time, therefore, the mark Hygeia was a warrant to the consumers in Pittsburg and vicinity that defendant was the producer of the water they wanted. The injunction against defendant consequently involves the proposition that complainant by adopting the mark in 1885 and then applying it to its product in New York acquired a monopoly of the mark, good for nineteen years and all the years, and dominant in the Pittsburgh markets and all the markets of the United States irrespective of the extent to which complainant had entered the markets. The opinion disposes of the question by saying that complainant's right to an injunction is not affected by "the fact that complainant has not up to this time extended its trade to the locality occupied by the respondent," and citing *Derringer* v. *Plate*, 29 Cal. 296, and Hopkins on Trade Marks, Sec. 13.

Derringer v. *Plate* has already been considered. In section 13 of Hopkins the general statement is not made that a trade mark has no territorial limitation, but "Unlike a patent, a trade mark has no territorial limitation." If by this it is meant that a patent is a sovereign grant and has no force beyond the territorial limits of the sovereignty, while a trade mark, which is of a different nature, is not restricted by the bounds of states or nations or continents, but goes wherever the trade to which it is appendenat goes, the statement affords complainant no comfort. And that such was the intended meaning seems to be evidenced by the citation of *The Collins Co. v. Cohen*, 3 K. & J. 428, as supportive of the text. In that case complainant Collins was an American manufacturer who had a large trade and a high reputation not only in the United States, but also in various foreign countries, including Cuba and Australia; but no factory, no trade, no good will, no marks registered

or unregistered, in England. Defendant was a manufacturer at Sheffield, England, who was exporting his goods to Cuba and Australia, and there undermining complainant's trade by using complainant's commercial signature. One of the defenses was that, as complainant had no trade rights in England that had been trespassed upon by the defendant in England, the case in England was not maintainable. It was also argued that there was nothing to show that the laws of Cuba and Australia did not allow traders to cheat others by palming off goods under forged commercial signatures. Vice Chancellor Wood replied: "I apprehend that every subject of every country, not being an alien enemy—and even to an alien enemy the court has extended relief in cases of fraud—has a right to apply to this court to have a fraudulent injury to his property arrested. And the plantiffs have the right—a right recognized, I imagine, everywhere in the world or at least in every civilized community—of saying, 'We, being the manufacturers of certain goods, claim that another man shall not manufacture goods and put upon them our trade mark and thus pass them off as manufactured by us.' " *

We find nothing in conscience or in reason or in persuasive precedents that should induce us to permit complainant to dominate the southeastern markets in question, where "Tea Rose" means defendant, and thus absorb or take over the valuable trade that defendant in good faith has built up in virgin territory. If this may be done, then the trade mark doctrine, which started out to prevent defendant's from deceiving consumers to complainant's injury, has come to protect complainants in deceiving consumers to complainats' advantage at the expense of defendants.

*Compare *Richter* v. *Reynolds*, 59 Fed. 577; *City of Carlsbad* v. *Kutnow*, 71 Fed. 167; *Vacuum Oil Co.* v. *Eagle Oil Co.*, 122 Fed. 105.

If the junior has not established his trade in good faith, or if, having appropriated certain markets in an honest belief, he should attempt to forestall the elder trader by hastening into markets the elder was arranging to occupy, it might be that equity would have no difficulty in recognizing an inchoate right in the elder to precedence and dominance, for honesty and fair dealing should always be a strong appeal to conscience; but no such questions are here, because on the present record defendant's honesty and fairness stand unquestionable.

Another route leads to the same destination. If complainant has trade rights irrespective of the existence of its trade, when do they come? Monopolies are in derogation of common right; they are special privileges. Every lawful monopoly is a grant from the sovereign to a selected favorite, designated by person or by class. Ohio, complainant's sovereign State, has not by constitution or statute granted it a monopoly of the use of the mark. The Federal government has constitutional authority to grant monopolies for limited times to inventors and authors; but complainant is neither, and a trade mark may endure for ever. How far Congress might go under the commerce clause (*Trade Mark Cases*, 100 U. S. 82; *Sarrazin v. Irby Cigar Co.*, 93 Fed. 624), it is needless to inquire, for the Federal statute is not concerned with the commerce in which these parties are engaged. So if the monopoly here sought is the creature of law, it must be of the common law. First. Trade rights were not created by the common law. They are a part of man's natural rights. Man preceded the common law, which recognized, but did not create, the rights he was theretofore exercising. The most the common law did was to regulate their use, or, rather, to adopt and enforce the usuages of honest commerce. If, because the common law recognizes and regulates a man's right to trade, it be claimed that the common law created the right, then the common law might also be called the author of his life, liberty, and happiness. And if it be said that a man has a "monopoly" in his own life or liberty or

trade, then the word is wrongly used. Second. But if a monopoly in a trade mark is created or affirmatively granted by the common law, by what common law? We need not consider the mooted question whether, generally, there is a common law of the United States, or whether the common law administered by the Federal courts in the several districts is the common law of the respective States, for, with regard to the common law of trade marks, it is settled that the right does not arise under "the constitution and laws of the United States." If it did so arise, the Federal courts, regardless of the citizenship of the parties, would have jurisdiction to protect the right throughout the territory of the United States. *Elgin Nat. Watch Co.* v. *Illinois Watch Case Co.*, 179 U. S. 665; *Warner* v. *Searle Co.*, 191 U. S. 202. If not created by the Federal law, then the supposed monopoly must have been created by the law of Ohio; and if so, complainant's monopoly created by that law can have no extraterritorial effect.

Though an order granting or denying a preliminary injunction will not be disturbed except for an abuse of discretion, a proper discretion does not include a misapplication of the law to conceded facts. *Winchester Repeating Arms Co.* v. *Olmsted*, ... Fed. .....

A further reason appears why complainant's showing did not justify the issuance of an injunction. Defendant proved that complainant's sales of flour in the territory in question were under the brands "Trojan" and "Eldean Patent." If this was the same flour as its "Tea Rose," made from the same wheat and taken from the same flour bins, to permit complainant to add "Tea Rose" flour would simply tend to confuse trade in those markets, or only come to indicate a difference of grade that did not exist. *Columbia Mill Co.* v. *Alcorn*, 150 U. S. 460, 467. Complainant necessarily knowing the whole truth respecting this matter, did not meet the situation exhibited by defendant.

The decree is reversed and the case remanded for further proceedings not inconsistent with this opinion.

As full as is the opinion of Judge Baker it does not exhaust the authorities in support of his conclusion.

The Massachusetts case of Cohen v. Nagle, discussed by Judge Baker, is reported in 5 Am. & Eng. Cases Ann. 561, and appended is an editorial note as follows:

"USE OF SAME TRADE-MARK OR TRADE NAME BY DIFFERENT PERSONS IN DIFFERENT LOCALITIES.

One person may have a trade-mark in one country or jurisdiction, and another the same trade-mark in some other State or country. * * * This rule applied to trade-marks, and, when the question of unfair trade is involved, one person may have a property right in the secondary use of a word in one locality and another in the same word or device in another. This is one of the distinguishing features between a trade-mark, strictly speaking, and a trade name. One is of necessity geographical and covers the entire limits of the jurisdiction of the sovereignty granting the right; and the other is of necessity local, not founded upon any authority or right from the State, but based upon usage in the particular locality or localities in which the party is doing or seeks to do business." Sartor v. Schaden, 125 Iowa 696, 101 N. W. Rep. 511. Protection will be awarded against interference in property rights in the use of a word as a trade-name within the locality in which it has been used. Hainque v. Cyclops Iron Works, 136 Cal. 351; 68 Pac. Rep. 1014. The fact that a person first used a combination of words in one State as a trade-mark does not authorize him to interfere with the use of the same combination by another person in another State, where the use of the latter had commenced before the importation of goods of the former bearing the trade-mark. Corwin vs. Daly, 7 Bosw. (N. Y.) 222. An injunction will be granted to restrain the use, in a particular part of a city, of a trade name which has been used there by another for a number of years, where the tendency of the

use of the name by both will be to mislead the public. Lee v. Haley, L. A. 5 Ch. 155. A fanciful or arbitrary name may be adopted for a place of business, and by reason of prior appropriation and continued use the person adopting it may acquire such a right to its use in a particular connection as will be exclusive in a certain locality, and such right will be recognized and protected by the court. Miskell v. Prokop, 58 Neb. 628, 79 N. W. Rep. 552. The courts will also prevent a rival manufacturer from using the same trade name in a locality in which a person has used it for labels furnished by a third person from whom the infringing party has also obtained them. Sartor v. Schaden, 125 Iowa 696, 101 N. W. Rep. 511."

As the New Orleans Court has been mislead by a general expression, which it cites, in Columbia Mill Co. v. Alcorn, 150 U. S. 460, 463, the following is of peculiar interest:

In Tetlow v. Tappan, the court, immediately after setting out the following language from Columbia Mill Co. v. Alcorn, 150 U. S. 460, 463,

"That the exclusive right to use of the mark or device claimed as a trade-mark, is founded on priority of appropriation; that it to say, the claimant of the trade-mark must have been the first to use or employ the same on like articles of production,"

says:

"Much reliance is placed in behalf of the defendant upon this statement; and if it means absolute priority, like that required of an inventor in a patent under an absolute statute, it would stand squarely in the way of the plaintiff's right. But a trade-mark rests on such use as makes it point out the origin of the plaintiff's goods, and not on invention; and the use must begin early enough, and be separate enough, for that. Use by another before, at the

same place, or near enough to start a similar right, would prevent the use from showing such origin." 85 Fed. 774.

The following cases apply the authority of Levy v. Waitt, a luminous case discussed by Judge Baker,

In Heublein v. Adams, 125 Fed. 782, the court said:

"In 1892 complainants adopted, and have since used, the term 'Club Cocktails' as a distinguished trade-name for their bottled cocktails. About 1892, and perhaps earlier, a limited quantity of bottled cocktails was put on the market under the name of "Outing Club Cocktails,' but these goods made little or no impression on the trade, and the use of the name was in the nature of an experiment, and was transitory and inconsiderable. In 1898 the manufacturer of the 'Outing Club Cocktails' caused to be inserted in Mida's Register, a label on which those words appeared, with the statement, 'Used since 1894.' Held that the evidence did not establish any commercial use of the word 'Club,' as applied to cocktails, sufficient to show an appropriation thereof as a trade-mark prior to complainant's adoption thereof."

"Every case of alleged prior appropriation must involve an inquiry into the purpose and duration of use. If the adoption has been but tentative or experimental, or the use has been but tentative or experimental, or the use but slight and intermittent, it can scarcely be said that the symbol chosen has ever become so far identified with any article of trade as really to point out its origin or ownership, in the sense that a trade-mark is established."

Deitz v. Horton Mfg. Co. 170 Fed. 869;
Menendez v. Holt, 128 U. S. 514.

In Macmahan Pharmacal Co. v. Denver Chemical Mfg. Co., 113 Fed. 468, the court holds:

"A pharmacist in New York City for twenty years made and sold a liquid preparation for use by dentists under the name of 'Macmahan's Concentrated (or saturated) Tincture, Aconite, with Iodine.' After that time he was succeeded by a corporation which continued to make and sell the preparation adding to the above designation on the labels the word 'Anthiphlogistine.' On cards and circulars it was described by the name of 'Macmahan's Anthiphlogistine,' but such cards and circulars were not shown to have been distributed to any great extent, and the preparation was not advertised in any other manner. In 10 years the company made but 362 sales, to 98 different customers, almost exclusively dentists, who purchased for their own use. The article was not known in the market generally, nor even to the pharmacists in the city. Held: That such company did not have an exclusive right to the use of the word 'Antiphlogistine' as a trade-mark and especially as against another mark, to desiginate a plastic preparation not adapted to the use of dentists, but intended for external application, and which, during a number of years, it had advertised extensively, and in which it had built up an extensive trade."

This against the insistence that mere priority and adoption of the name fixed the right. The opinion of the court is full and reads in part:

"The right to a trade-mark at common law, independent of the registration statute is not created by invention or priority of adoption alone. A word, symbol, or device, to be a valid trade-mark constituting a right of property, must have been used by the owner in connection with the sale of his goods for such length of time, and under such circumstances as indicates to the trade that the goods in connection with which it appears are his goods, as distinguished from those of other manufacturers or dealers. The mere adoption of such word, symbol or device, unaccompanied

by such a use, is not sufficient to create an exclusive right thereto. Mr. Justice Clifford, in the leading case of McLein v. Flemming, 96 U. S. 245, 151; L. Ed. 828, expresses the rule thus:

'Where, therefore, a party has been in the habit of stamping his goods with a particular mark or brand, so that the purchasers of his goods, bearing that mark or brand, know them to be of his manufacture, no other manufacturer has a right to adopt the same stamp.' "

The big principle here that the trade and not the mark is the thing entitled to protection has time and again been declared by the court.

Relief is granted only where the defendant's business in marks, labels, or other ways represents to the public that the goods sold by him are the goods made or produced by the plaintiff, thus palming off his goods as those of a different manufacturer, to the injury of the plaintiff.

Goodyear Rubber Co. v. Goodyear Co. 128 U. S. 598, 38 L. Ed. 535.

The essence of the wrong in unfair competition consists in the sale of goods of one manufacturer or vendor for those of another.

Howe Scale Co. v. Wycoff, 198 U. S. 118; 49 L. Ed. 972.

The case next cited seems to us to be a fitting antithesis to the New Orleans opinion, and to demonstrate the fallacy of that deliverance with language peculiarly apt.

In Rathbone, Sard & Co. v. Champion Steel Co., 189 Fed. 26, the former company sought to enjoin the latter from using a certain pattern of a gas stove, and rested its contention upon the proof that it had first made stoves of this pattern, sold a small number of them, distributed a

limited number of them to dealers in the territory in which the latter company was offering a like pattern and had mailed throughout that territory some three or four thousand circulars and catalogues advertising this pattern of stove.

(Much more of an effort to occupy the market than Steeleville had made—and yet not enough to identify the pattern with the Rathbone origination.)

In disposing of this case adversely to the contention of the plaintiff therein, Judge Taylor at *nisi prius* said of defendant's adoption and sale of the same pattern of stove:

"Now, who could be deceived by any such operation as that, certainly not the dealers for they knew from whom they bought the stoves, certainly not the public for the public did not know the stoves. In a word the gist of the offense of unfair competition, to-wit: the selling of the imitating thing as the imitated thing does not exist in this case at all."

This language was made the basis of the affirmance of the decision by the Circuit Court of Appeals of the Sixth Circuit. This language might well be paraphrased

"Who could be deceived by any such operation as this? Certainly not the dealers for they knew from whom they bought the flour, certainly not the public, for the public knew neither Steeleville nor Allen & Wheeler flour."

The New Orleans opinion cites for its warrant to make of the "mark" a *fetish*, and of the trade an insignificant incident the case of Epperson v. Blumenthal, 149 Ala. 125. The opinion in that case is, omitting formal parts and citation of authorities, as follows:

"One who has adopted a trade-mark to identify his production, and by his labor and skill has created a valuable market therefor, and has induced public confidence in the

superior quality of his goods, whether based on the skill used in the manufacture, or the material from which they are made, or both combined, is entitled, so long as he deals honestly with the public, to be protected against those who, without right, attempt to appropriate his symbol and apply it to other goods of the same class. The jurisdiction of equity, however, to restrain the infringement of a trade mark, is founded upon the right of property in the complainant and fraudulent invasion by another, and is exerted to prevent fraud upon him and upon the public, and a party invoking its aid must himself be free from fraud. Any material misrepresentation, therefore, in a label or trade, as to the person by whom the article is manufactured, or as to the place where manufactured or as to the materials composing it, or any other material false representation deprives a party of the right to relief in equity, although the respondent's conduct is without justification. The evidence in the case at bar leads to the irresistible conclusion that the contents of the bottle of complaints fell far short of what the label and letterings would indicate, and that the bottles were so labeled and lettered to induce the public to believe that they were getting a quality of whiskey far superior to what they actually bought."

We respectfully submit that the writ should be granted and the opinion of the lower court reversed.

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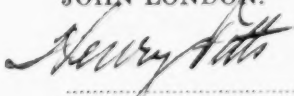

Attorneys for petitioner
Hanover Star Milling Company.

MAR 24 1915
JAMES D. MAHER

IN THE

Supreme Court of the United States,

OCTOBER TERM, 1914

No. 270 23

HANOVER STAR MILLING COMPANY,
Appellant-Petitioner

vs.

D. D. METCALF, Respondent.

BRIEF OF APPELLANT-PETITIONER.

"But the mark, of itself, cannot travel to markets where there is no article to wear the badge and no trader to offer the article." * * * * *

"We find nothing in conscience or in reason or in persuasive precedents that should induce us to permit complainant to dominate the southeastern markets in question, where 'Tea Rose' means defendant, (Hanover Company), and thus absorb or take over the valuable trade that defendant, in good faith has built up in virgin territory."

From the opinion of Baker, Presiding Judge, 7th C. C. A., 208 Fed. Rep., p. 513.

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IN THE

Supreme Court of the United States,

OCTOBER TERM, 1914

No. 270

HANOVER STAR MILLING COMPANY,
Appellant-Petitioner

vs.

D. D. METCALF, Respondent.

BRIEF OF APPELLANT-PETITIONER.

(On final submission, Petition for Certiorari having been heretofore granted.)

STATEMENT OF THE CASE

The Hanover Star Milling Company filed in the District Court of the United States for the Middle District of Alabama, a Bill in Equity on, to wit, the 4th day of March, 1912, alleging in substance that petitioner was an Illinois corporation engaged in the manufacture of flour at Germantown, Illinois; that above named Metcalf was a citizen of Alabama, engaged in the business of selling flour at Greenville, in said District. That for, to wit, twenty-seven years petitioner had been manufacturing a superior and popular brand of flour, which for all those years it had sold under the name Tea Rose, under a distinctive marking, showing that the flour in each package offered for sale was petitioner's Tea Rose, specially patented flour. That said flour and such distinctive markings had been on the market in

Alabama for, to wit, twelve years just prior to the filing of the Bill; that petitioner had by the maintenance of the high quality of said flour, and by its extensive advertising, built up a large market and an established reputation for said brand of flour, so that at the time the Bill was filed petitioner was selling annually in Alabama more than one hundred thousand dollars worth of said flour. That by reason of the high reputation of its Tea Rose flour petitioner was enabled to sell annually in Alabama large quantities of other flours of its mannfacture at great advantage; that the reputation of Tea Rose flour extended to many other States and brought to petitioner a great volume of trade in other States than Alabama, particularly in Georgia and Florida, and said brand Tea Rose had become petitioner's common law trade mark. THAT UNTIL A FEW WEEKS JUST PRIOR TO THE FILING OF THE BILL, THE FLOUR MANUFACTURED BY PETITIONER WAS THE ONLY FLOUR offered for sale in Butler County, Alabama, or in the jurisdiction of the Court for the Middle District of Alabama, or in the State of Alabama, under the name Tea Rose. That within said few weeks, said D. D. Metcalf, acting as the agent of a mill located at Steeleville, Illinois, had been selling in Alabama, and particularly in said Butler County, a flour different from that made by petitioner, and had been marketing such flour in packages substantially identical with those used by petitioner in selling its Tea Rose flour, and had been using the name Tea Rose on such packages, and by this means was deceiving the purchasers of flour in Butler County into the belief that they were buying petitioner's flour known as Tea Rose. That the said D. D. Metcalf was acting with full knowledge of the unfair trade and fraudulent competition involved in placing before the trade the Steeleville, Illinois, flour under the name of Tea Rose, and although NOTIFIED and WARNED by petitioner that his selling the Steeleville article under the name of Tea Rose was violative of petitioner's rights and unfair competition, persisted in the use of said name Tea Rose, and the sale of said Steeleville flour under that name.

Petitioner charged that the use of said identical wrappings and markings for flour so sold by defendant Metcalf were intended to, are calculated to, and do in fact deceive the ordinary purchaser of flour into the belief that he is purchasing the flour marketed under that name by petitioner. And petitioner alleged and showed that said course of dealing by said D. D. Metcalf was a guilty infringement of petitioner's aforesaid common law trade mark. That the unfair competition carried on by said D. D. Metcalf threatened petitioner with great pecuniary loss and destroyed the prestige of its Tea Rose flour, and took from petitioner and transferred to its competitor the great value which inhered in the reputation and trade built up for its Tea Rose flour, and that if such unfair competition were continued, that petitioner would suffer loss and damage in a sum materially greater than $3,000, and the matter in controversy exceeded, exclusive of interest and costs, the sum or value of $3,000.00.

And petitioner prayed in its said Bill of Complaint that the said D. D. Metcalf be enjoined from the further sale of any flour manufactured by the Steeleville Company or any other person than petitioner labelled Tea Rose, and for an accounting of profits.

Said bill was defended by the Steeleville Milling Company, a corporation by which the flour offered for sale was manufactured.

On to-wit, March 26, 1912, the said Metcalf answered said bill and denied the material averments of the bill (other than the jurisdictional one) and made two affirmative averments, by way of defense, viz:

> Paragraph 8. "That long prior to twenty-seven years ago, the date of the first use by complainant as alleged in said bill, and as early as 1872, the name Tea Rose had been adopted, appropriated and used as a trade mark for flour by the firm of Allen & Wheeler, of Troy, Ohio, and has been used by it and its succes-

sors, the Allen & Wheeler Company, continuously as a trade mark for flour, and is now used by the said Allen & Wheeler Company."

and

Paragragh 11. "That the trade mark or brand on the flour purchased by him from the Steeleville Milling Company, of Steeleville, Illinois, has been in use by the said Steeleville Milling Company for more than sixteen years last past, and for more than six years last past knowingly to the complainant herein."

Upon motion for temporary injunction the respective parties filed affidavits establishing the following state of fact:

Hanover's flouring mill business dates back to the early eighties, and, since several years before the year 1893, Hanover has continuously used, in marketing a portion of its flour, the Tea Rose name and the Tea Rose sack, with the distinctive markings, which name and markings the bill is filed to protect. There is a tendency of the evidence to show that later in the nineties the Steeleville mill made a very limited use of the name Tea Rose on a sack substantially like the Hanover sack, but it does not appear that in that period the flours as respectively made by Hanover and Steeleville came into competition. However, much later, and in about the year 1905, Hanover and Steeleville were each offering flour under the name of Tea Rose to the same customer in Meridian, Mississippi. As to this conflict an appeal was made by Steeleville to the Millers' Association for adjustment of the conflicting claims to the name, and Hanover insisting upon the earlier adoption of the name, Steeleville appears to have abandoned its use in that market.

Subsequent to the Meridian incident, and about eight years before this suit was filed, Hanover determined to increase its southern trade, particularly in Alabama, Northern Mississippi, Western Georgia and Northern Florida, and then began an extensive campaign of advertising, concentrating upon the name Tea Rose and the distinctive markings of the Tea Rose sack, as its vehicle of publicity. At the time this campaign of ad-

vertising and trade development was entered upon, no flour was being sold or advertised under the name Tea Rose in any of that territory by any manufacturer other than Hanover, and no flour had any reputation of any degree in that territory under that trade name except that made by Hanover. Hanover's total sales at the beginning of this campaign of advertisement amounted to between one hundred and one hundred and twenty-five thousand dollars a year.

In advertising the picture method was favored. The Tea Rose name and picture as it is upon the sack became more than a familiar sight in large portions of the four different States upon thousands of three-pound sacks of flour distributed gratuitously; upon thousands of large bulletins, sign boards and banners; in the picture shows; upon large quantities of business stationery distributed to merchants; upon post cards; upon many silk pin cushions made in the form of miniature flour sacks; and upon the handles of pocket knives; the popularity and reputation of the flour was pushed by Hanover doing what is known as missionary work,—reselling to the retail merchants the flour ordered by the jobber. The money thus expended amounted to thousands of dollars. Hanover's sales were more than doubled, amounting at the time the bill was filed to between three and four hundred thousand dollars a year. More than half of it was Tea Rose flour and the remainder being sold upon the reputation of Tea Rose. The Hanover mill became known as the Tea Rose mill, and the capacity of the mill has been almost doubled to meet the growing business. The quality of its Tea Rose flour and the grade thereof was continuously maintained at the same standard.

In this eight year period of advertisement and trade expansion neither Steeleville nor Allen & Wheeler offered or advertised any Tea Rose flour upon the market of this extensive southern territory. The name Tea Rose was nowhere in said territory in any wise associated with either the Steeleville mill or the Allen & Wheeler mill Neither Steeleville nor Allen &

Wheeler, during all of that time, advertised any of their flour under that name anywhere or by any means in the territory. Except that about five years after Hanover's campaign of publicity had begun Steeleville made isolated sales, one at Tupelo, and another at West Point, Mississippi, at a price considerably higher than that at which Hanover was marketing its Tea Rose. Such use as Steeleville made of name "Tea Rose" either within or without the trade territory developed by Hanover, was first upon one grade and then upon another grade of flour; and never stood as an insignia for any definite quality of manufacture.

In February, 1912, the Steeleville mill attempted to sell a carload of flour packed in sacks labelled Tea Rose, looking as much as possible like Hanover's, through the respondent Metcalf, at Greenville, Alabama, at a lower price than that asked by Hanover for its "Tea Rose" and it was the sale and distribution of this carload of flour which led to the temporary injunction in this cause.

The testimony relative to Allen & Wheeler's adoption of the name Tea Rose consisted of two affidavits, one of Thomas B. Wheeler and the other of Henry M. Allen, which are substantially alike in their averments, which are these:

That Allen & Wheeler and Allen & Wheeler Company together have been engaged in the milling business at Troy, Ohio, for forty-five years; that in 1872, or prior thereto, the concern commenced to use as a trade mark for flour the word Tea Rose on a sack in no remotest degree resembling tne Hanover sack; that in 1872 the concern sold flour under this brand as follows: seventy-five barrels to a customer in Cincinnati, one hundred barrels to a customer in Pittsburg, Pennsylvania, an unidentified number to one customer in New York, and that they had one customer other than the one buying the hundred barrels in Pittsburg; that later along in the seventies they had two customers for the flour in Boston, and, to use the general and indefinite language of the affidavit, "since the Allen & Wheeler Company appropriated and adopted said brand, Tea

Rose, for flour, it has used same continuously to the present time."

It appears affirmatively from the testimony that the Allen & Wheeler flour and the Hanover flour have never at any time or place come in competition one with the other, either in point of sales, advertising or reputation.

The facts shown by the record are that there was one isolated instance of a sale of the flour under the mark and name of "Tea Rose" by the Steelville Milling Company in Alabama prior to the attempted sale by Metcalf, the defendant in this suit. Steeleville's claim to an occupation of the market must be based entirely upon this isolated sale at Whistler, Alabama, in 1899, and a sale by Steeleville at Meridian, Miss.

The record further shows that some sales were made between that time—1899 and 1905 and 1906 by Steelville in Meridian, Mississippi, to one customer, the customer which Hanover subsequently got, and Hanover continued to sell its Tea Rose in Mississippi, and Steeleville desisted.

Said cause was heard and determined on the 30th day of December, 1912, and a decree granting a temporary injunction against the defendant, Metcalf, was entered in said cause.

Thereafter, on, to-wit, the 8th day of January, 1913, an appeal was perfected to the United States Circuit Court of Appeals for the Fifth Circuit sitting at New Orleans

On March 19th, the Court of Appeals rendered its decree reversing and remanding the cause, with directions to the District Court to dismiss the Bill. Thereafter, your petitioner, Hanover Star Milling Company, obtained from this Court a writ of certiorari, and the cause is now regularly pending in this court.

While the temporary injunction from the Alabama District Court was in force, the Steelville Milling Company, by promising to pay all attorneys' fees and expenses, induced the Allen & Wheeler Company, a flouring mill corporation of Troy, Ohio, to permit a bill to be filed in its name against your petitioner,

Hanover Star Milling Company, in the United States District Court for Eastern Illinois. That Bill presented the same state of Facts which Metcalf set up as a defense in the Alabama suit. The Hanover Mill made substantially the same showing in defense of that Bill which it has made in support of its own Bill in Alabama. The cases are practically the same, except that the relative positions of the parties litigant are reversed. The District Court in Illinois granted a temporary injunction against Hanover. Hanover perfected its appeal to the Circuit Court of Appeals for the SEVENTH Circuit, and on April 8th the Court rendered its decree reversing the District Court and holding Hanover entitled to the exclusive use of the trade mark, name and brand in that portion of the southern states in which it had been making use of the same. The conclusion reached by the respective courts are diametrically opposed.

It is submitted that a comparison of the respective opinions rendered in these cases will satisfy the Court that the Circuit Court of Appeals at New Orleans wrongfully dissolved the injunction.

Metcalf v Hanover Star Milling Co. 204 Fed. 211;

Hanover Star Milling Co. v Allen & Wheeler, 208 Feb. 513.

The business of your petitioner is being seriously interfered with, and its properties and rights in the Tea-Rose Brand are disintegrating because of the persistent invasion of the same by the offering and selling upon the market and in the trade territory developed by your petitioner of an imitative sack under the same name and distinctive markings.

The trade that petitioner has built up in the territory wherein its reputation has been developed by great advertising and a careful maintenance of quality is being decreased and is being threatened with complete destruction. Its business will suffer irreparable injury unless the injunctive relief is restored to which it was first granted by the decree of the Alabama Court, and then denied to it by the decree of the New Orleans Court, and its right to which is plainly vindicated by the reasoning of the Chicago Court.

ARGUMENT

The decree of the Fifth Circuit Court of Appeals dissolving the injunction (and the opinion upon which it is based) is erroneous in that:

It seeks to protect the prior appropriation of the name or mark instead of protecting the prior appropriation of trade through the use of the mark or name.

It ignores the doctrine that trade-mark property is limited to the territory occupied by the trade which is incident to the mark, and that the rights in the mark only extend to markets where the trader's goods have become known and identified by the use of the mark.

The effect is a perversion of the trade-mark doctrine which started out to PREVENT invaders from deceiving consumers to the injury of the established business, but under this decision has come to protect the invader in deceiving consumers to the invader's advantage at the expense of the already established business.

It makes prior appropriation and adoption of the mark "Tea-Rose" by the Allen & Wheeler Company (who are not parties to the bill) in a territory altogether remote from the trade territory developed by the Hanover Star Milling Company, destructive of the Hanover's right to a valuable market, built up without interference with Allen & Wheeler, in ignorance of the fact that Allen & Wheeler had ever used such a mark—and in absence of any showing that Allen & Wheeler had ever used or advertised the mark anywhere so as to identify it with Allen & Wheeler manufacture or origination. It is inconsistent with the finding of the Seventh Circuit Court of Appeals in the case of Allen & Wheeler Company vs. Hanover Star Milling Company, 208 Fed., 513, where in the territory covered by this bill the rights between Allen & Wheeler Company and Hanover have been determined and adjudicated, that Court holding that the Hanover Company there (in the Southeastern territory) means Tea-Rose, and hence, Allen & Wheeler would not be

allowed to interfere in the markets in question where the Hanover Company had built up in good faith a valuable trade and where the Allen & Wheeler Company was unknown.

Led on by these initial errors, it naturally magnifies the use of the words "Tea-Rose" by the Steelville Mill far beyond the showing of such use made by the evidence or even claimed by the Bill.

It ignores the admitted fact that Steeleville sometimes used the name on one grade of flour and then on another, so that it never at any time stood an insignia for a definite or maintained quality, upon the most elementary considerations, an essential to any trade-mark right.

It fails to take note of the uncontroverted fact that such variant use, (first on one kind of flour and then on another), as Steeleville made of the Tea-Rose name was in a territory different from that in which Hanover had built up a reputation for its flour.

It fails to attach due force to the admitted fact that when Hanover began its extensive advertising the name Tea-Rose was unknown by either sales, advertisement or reputation, in any part of the territory selected for the propoganda.

Due regard is not given to the fact that the Greenville car load of Steeleville flour was shipped into a territory where Steeleville and Allen & Wheeler were unknown and the Hanover product was holding exclusive sway; that the Steeleville flour put up in Tea-Rose sacks was a lower priced flour than it had theretofore sold under that name; showing a change made to pirate Hanover reputation.

It is not appreciative of the fact that in Greenville, (and the balance of Hanover's territory), it had a valuable trade, built upon the combination of sustained merit and publicity; that in that territory Steeleville had no trade, no reputation and had done no advertising; that there Tea-Rose stood for one manufacturer's product only, and that manufacturer was neither Steeleville nor Allen & Wheeler.

It attaches importance to the disclaimer of Steeleville that it did not intend to deceive and made no actual deception; thus ignoring the universally accepted rule that similarity of names and packages are all sufficient evidence of fraud.

It overlooks the strong case of priority of use by the Hanover Company over Steeleville in the territory embraced by the Bill and assumes that Steeleville Company had a valuable trade in Tea-Rose flour, while the record shows that except for one isolated instance of a sale in Alabama by the Steeleville Company at Whistler in 1899, the only other evidences of sales were the single sales of high priced flour at Tupelo and West Point, Mississippi, and sales made by Steeleville in Meridian, Mississippi, between that time and 1905 or 1906 to one customer, and that Hanover began also to sell to this customer, and that Steeleville Company complained, both to the Hanover Company and to the Miller's Association, and a controversy ensued in which Hanover stood its ground and Steeleville yielded, leaving Hanover in possession of this territory. At least, this is the case plainly made out by the complainant through the affidavit of Mr. Schurmann (Record, Page 33) and must stand as facts unless disproved by the defendant. We submit they are not so much as denied.

An analytical reading of the affidavits of Messrs. Gilster will show that this proposition is purposely and skillfully evaded (Record, Gilsters' Affidavits, Pages 13 & 17)

Further than this, a reference to the record will show that Meridian is not in that portion of Mississippi developed by the advertising and trade campaign of Hanover, and is not claimed as such in the bill. (Record, page 1 to 4). And the testimony throughout is clear that at the time, some eight years before, when Hanover began to advertise and sell Tea-Rose in the territory described in the bill, Steeleville was absolutely unknown in that territory, either through sales, advertisement or reputation.

Except for the single sale at Whistler no sales were made

in Alabama. The only instances of EARLY SALES in Mississippi, were the sales in Meridian. The affidavit of Mr. Schurmann shows in making the case in chief that the two mills never came into conflict on this name, except in the instance at Meridian and his showing that Steeleville retired before the growing and widespread popularity of Hanover which had before then become known as the Tea-Rose flour; and elsewhere that Steeleville made a virtual admission of the superiority of his right to the mark, is not contradicted but in effect admitted by the evasive averment of the Gilster Affidavits. (Record, pages 13 and 17.)

We cannot conceive how the lower Court could possibly have been in doubt, from a careful reading of the Record, of Hanover Company's use long preceding Steelville's. And while we are sure this case does not turn on that point, so clearly is this priority of Hanover over Steelville shown by the testimony of Mr. Schurmann (Page 33 of Record) that we are constrained to quote therefrom the exact language of Mr. Schurmann:

"WITHIN A FEW YEARS AFTER the organization of this corporation in 1885 IT ADOPTED as one its brands of flour manufactured and marketed by it under the name of Tea Rose a design the same as shown upon the flour sack attached to this affidavit and made an exhibit thereto. The sacks which have been used from the beginning of the use of this name or brand were the same as the attached sack and where the flour was sold in barrels the design was exactly the same as the design upon the sack, with the exception that the label was round in order to fit the end of the barrel.

Affiant now has in his possession at his place of business in Germantown, Ill., records and memorandum which verify his statement that this name Tea Rose and this brand as shown on attached sack have been in use by the Hanover Star Milling Company beginning with and continuing since the year 1893, and Affiant recollects and now testifies that this sack and brand was used for some years prior to the year 1893, and to

Affiant's best recollection this use extended back to and including the year 1886." (Record, page 32.)

Schurmann's showing is an adoption and general use for a time longer than his prescribed record and that he could show by documentary proof a use back to 1886.

No where in the entire record is there the slightest claim by the Steelville people to having used this brand at a date as early as 1893, the earliest claim made by them being June the 29th, 1895.

However, all this is merely an incidental error into which the Court has fallen because the THING TO BE PROTECTED IS THE BUSINESS AND THE THING TO BE PREVENTED IS THE DECEPTION OF THE PUBLIC.

Certainly Hanover alone had a business in this section to be protected, and the only possible way for the public to be deceived is to allow Steelville goods to be sold in the territory where Tea Rose stands for Hanover. The test is, will the permitting of Steelville to enter the territory that Hanover has developed and where Tea Rose stands for Hanover tend to deceive the public and injure the business of the Hanover Company. Admittedly Steelville has no business in this territory. Admittedly a non-existent thing cannot be injured. Not by the wildest stretch of the imagination can the people be deceived by buying Hanover goods under the impression they are getting Steeleville's. Steeleville is not known there. Has no business there. To keep them out does not injure them but only protects the business of the business builder, Hanover, and prevents the public from being deceived.

As far as the sales in Meridian are concerned we might say that we are not interested in that part of Mississippi. That is not a territory embraced in the Bill. (Record, page 2.) The question of who has the right in Meridian territory is not here to be decided. Schurmann's testimony uncontradicted and hence corroborated by the Gilsters' affidavits, shows that the field was surrendered to Hanover, for when they asserted their

claim both to the Millers' Association and to the Steeleville people, the latter quit.

The opinion of Judge Frances E. Baker, presiding Judge of the 7th C. C. A., in the twin case of Allen & Wheeler vs. Hanover (208 Fed. p. 513) enunciated the principles governing this case. The discussion of Judge Baker clarifies and arranges in an orderly manner the underlying principles upon which this bill proceeded and relief was granted in the District Court.

In that case, which was decided just contrary to the decision of the New Orleans Court in this case the following fundamentals regarding territoral rights in trade-marks, are laid down:

> "It is not the trade mark, but the trade, the business reputation and the goodwill that is injured; and the property or right in the trade is protected from injury by preventing a fraud-doer from stealing the complainant's trade by means of using the complainant's commercial signature"; and,
>
> "These cases" (those cited in Judge Baker's opinion) "indicate to us that it is true in a sense that trade marks are without territorial limitation; but not in the sense meant by complainant. The sense we perceive is one that goes back to the foundational purposes of the trade-mark suit. Since it is the trade, and not the mark, that is to be protected, a trade-mark acknowledges no territorial boundaries of municipalities or states or nations, but extends to every market where the trader's goods have become known and identified by his use of the mark. BUT THE MARK OF ITSELF, CANNOT TRAVEL TO MARKETS WHERE THERE IS NO ARTICLE TO WEAR THE BADGE AND NO TRADER TO OFFER THE ARTICLE."
>
> "We find nothing in conscience or in reason or in persuasive precedents that should induce us to permit complainant to dominate the southeastern markets in question, where 'Tea Rose' means defendant, and thus absorb or take over the valuable trade that defendant in good faith has built up in virgin territory. If this

may be done, then the trade mark doctrine, which started out to prevent defendants from deceiving consumers to complainant's injury, has come to protect complainants in deceiving consumers to complainants' advantage at the expense of defendants."

The rule set fourth by Judge Baker—THE PROTECTION OF THE BUSINESS AND THE PREVENTION OF THE DECEPTION OF THE PUBLIC—if adhered to in this case force the protection of the Hanover business and forbid the pirating of the Hanover market by the Steeleville invaders.

The use of the brand Tea-Rose on the same grade of flour by the Hanover Company and the maintenance of the same standard of quality is shown by the testimony of Mr. Schurmann, near the conclusion of his affidavit. (Record, page 35).

On the other hand contrast the testimony of Eddins setting out the letters from the Steeleville Company on page 36 and 37 of the Record, which show that they used this brand indiscriminately on first one grade of flour and then on another, and that taken in connection with other parts of the Record shows that Steeleville's Tea-Rose had no standard price, no fixed quality, hence this label of Tea-Rose as used by the Steeleville Company stood for nothing either in price, standard or quality. The following is from the letter of the Steeleville Milling Company to Eddins (Record, page 29):

"In regard to our "Tea Rose brand we wish to state that we formerly (and in some instances still use it) used this brand on our best patent grades, but owing to the fact that another mill appropriated the brand and used it on a cheaper grade of flour, we have in the past few years displaced it wherever possible with 'Gilster's Best,' 'Alice' or 'Lydell' brands and are beginning to use Tea Rose on our lower grades. As mentioned before we still use the Tea Rose brand to some extent on our best trade, and should your trade prefer this brand to Gilster's Best we shall be pleased to fill it for them. We can then work our Banner brand for the Tea Rose for our lower grade. We

prefer, however, to have you sell the best grade under our Gilster's best brand as this is the brand on which we have concentrated our principal advertising and in view of its increasing popularity we would think that it would be the logical brand to push."

This letter alone is enough to condemn them in a court of equity.

There was no serious effort on the part of the defendant to prove a prior use by Steeleville of the mark and brand Tea Rose. In fact the affidavits taken show that their earliest use was 1895 while the affidavits of Hanover take the use of the brand by Hanover back to a period certainly beyond 1893, and Steeleville realizing their inability to prove prior use fell back upon Allen & Wheeler's prior use, the myth regarding which the Chicago Court has successfully laid to rest, and in discussing in the opinion the cases which have thoroughly considered the principles of common-law trade marks, the opinion holds that there must be something else besides prior use and continuous use, for it must be shown that there was an intention to occupy the markets in controversy, and the one who has occupied and developed the market acquires the rights to the market. Hence Allen & Wheeler cannot stop Hanover from occupying these markets because it has not occupied them, and therefore Steeleville cannot stop Hanover from occupying these markets because Steeleville has not occupied them and Hanover has actually occupied them. The Chicago case is a stronger case against Hanover than this New Orleans case. In addition to this (to use a similar expression to that contained in the Baltimore Club Whiskey case) Hanover had prior use of the trade mark anyway.

With due deference to we beg to quote from the opinion of the lower court: "The proofs show that Allen & Wheeler were the first to appropriate the Tea Rose brand as early as 1872 and that it was used by the Steeleville Milling Company back

in 1895, three years before the first order for sacks bearing that dress by the Hanover Star Milling Company." If the lower Court predicated its decision in this case on the fact that Allen & Wheeler had prior use, how could they reconcile the decision of Judge Baker, which holds that Allen & Wheeler has no rights against Hanover in this territory, and if the lower Court does not base its position on that point, it has only left as a basis for its decision the simple fact that one bag factory furnished Steeleville sacks with the Tea Rose brand and mark three years before it furnished Hanover. This in spite of the fact that the evidence clearly shows by the record that Hanover's use of the Tea Rose Brand had antedated Steeleville by a number of years. The reasoning in the case of Allen & Wheeler vs. Hanover Star Milling Company in which it was held that Hanover's rights in this territory were superior to Allen & Wheeler because the Hanover Company had occupied this market; had built up this market, and as a result in this market Tea Rose Flour stood for the Hanover Company, is equally true in the present case.

If in a suit in regard to the use of the Tea Rose Brand between the Hanover Company and Allen & Wheeler, admittedly a prior adopter and user, the Court holds that the name and brand stood for the Hanover Company in this territory and that they have the exclusive right to use same as between those two in this territory—how much more important and necessary is it for this Court to hold that as between the Hanover Company and Steeleville, admittedly a subsequent adopter that the Hanover Company has the exclusive right to use the brand as between these two in this territory.

If as between Hanover and Allen & Wheeler the rights are given to Hanover then Steeleville certainly has no rights, for not only do they fail to come up to Allen & Wheeler's proof as to priority but on the other hand they have all of Allen & Wheeler's other disabilities and in addition are the subsequent adopters of the mark as between Hanover and themselves.

But this whole case may be summed up in a very few

words. It is conceded that the Hanover Company is the only concern that has an established business in flour under the Tea Rose mark in the territory covered by the Bill. The great underlying principle in this case and upon which, we submit, the case must turn—is that INJUNCTIVE RELIEF WILL BE GRANTED FOR THE PROTECTION OF THE BUSINESS AND THE PREVENTION OF THE DECEPTION OF THE PUBLIC.

The above paragraph contains the facts as well as the law governing this case, and the solution is the re-instatement of the injunction which will serve to protect the business of the Hanover Company and prevent the public from being deceived into buying Steeleville's Tea-Rose thinking they are getting Hanover's well known product.

To Judge Baker's illuminating discussion of the underlying principle referred to, we can do little but add a few quotations from the texts and opinions which express the views he has so well set forth.

In the Am & Eng. Annotated Cases, Vol. 33, in the Note Page 932, on the use of trade-marks or trade names by different persons in different localities, the leading case in the Note and the discussion thereunder is the case of the Hanover Star Milling Company vs Allen & Wheeler, being the case in which Judge Baker wrote the opinion to which we have just referred. (The decision of the Fifth Circuit Court of Appeals in the case of Hanover Star Milling Company vs D. D. Metcalf, published some months before the Hanover Star Milling Company vs Allen & Wheeler Company case, is not even cited or referred to.) The note follows:

The Use Of Trade Marks or Trade Names by Different Persons in Different Localities.

"The rule of the reported case that where a trade name has acquired a secondary significance in referring to goods of a particular kind, it will not be protected beyond the territory wherein such a meaning has attached

to it, finds support in Hanover Star Milling Co. v Allen & Wheeler Co., 208 Federal, 513, 125 C. C. A. 515. In that case it appeared that a company had built up an extensive trade in certain goods in a particular territory under a common-law trade name, and that a second company had acquired a trade in other territory in the same goods, innocently using the same name. It was held that the former company could not enjoin the latter from using the name in the latter's territory. The Court considered the cases of Kidd v Johnson, 100 U. S. 917, 25 U. S. (L. ed.) 769, and Consolidated Ice Co. v Hygeia Distilled Water Co. 151 Fed, 10, 80 C. C. A. 506 AFFIRMING 144 Fed., 139, wherein the statement is found that the right of property in a trade mark is not limited to any one place, city or state, but must be deemed to extend everywhere, and reached the conclusion THAT THOSE CASES DID NOT AFFECT ITS DECISION, saying in substance that while in a sense a trade mark is without territorial limitation, yet it is the trade and not the mark that is to be protected, and while the mark extends to every market where the trader's goods have become known and identified by the use of his mark, yet the mark of itself cannot travel to markets where there is no article to wear the badge and no trade to offer the article. See also French Republic v Saratoga Vichy Spring Co., 191 U. S. 427, 24 S. Ct., 145; 48 U. S. (L. ed.) 247. In Eastern Outfitting Company v Manheim, 59 Wash., 428, 110 Pac. 23, 35 L. R. A. (N. S.) 251, it appeared that a firm operating under a certain trade name was in business in a particular city, while a corporation of the same name in another city was engaged in a similar business. The corporation opened a business in the town in which the firm was operating, using its own name. It was held that the corporation was not entitled to enjoin the firm from using the corporate name. Similarly, in Thomas G. Carroll & Son Co. v McIlvaine, 171 Fed., 125, 184 Fed. 22, 105 C. C. A. 314 wherein it appeared that one company had built up a business in a particular brand of goods in one city, while a second company had built up a larger business in a similar brand under the same name in a distant city,

it was held that the former company could not enjoin the latter from using the name for its goods, even though priority of use was conceded, since to do so would be to deceive the public in the city in which the company sought to be enjoined had established its business. The Court said: "This case, therefore, presents an unusual inversion of the rule that a limited use in a small area does not give a party trademark rights as against other interests in other sections of the country, where no deception would be likely to result. The unusual condition rests in this: That this complainant who has brought about a comparatively small use of Baltimore Club Rye, now asserts a right to distinguish or appropriate a much larger business, which, with, or without, its knowledge is the result of upwards of thirty years of effort on defendant's part. To grant an injunction under such circumstances would be to disregard the most important branch of the equitable rule invoked. The injunction in trademark cases, if primarily designed to prevent the public from being misled and deceived, and to enjoin the defendants from using the words 'Baltimore Club' in favor of the complainant, would be to further the deception (in this jurisdiction at all events) which it is the object of equity to prevent.' To the same effect, see Macmahan Pharmacal Co. vs. Denver Chemical Mfg. Co., 113 Fed., 468, 51 C. C. A., 302. In Investor Publ. Co. of Massachusetts v Dodson, 82 Fed., 56, it was held that a corporation which published a certain financial journal could not restrain another corporation located in a distant state from using a similar corporate name or from publishing a journal with a name similar to that published by the complainant corporation, especially where the latter journal bore distinguishing characteristic marks.

It has been held that an injunction will issue to restrain the use in a particular locality of a trade name which has been used there by another for a long period, since the use of the name by both will deceive the public and injure the original user thereof. Dyment v Lewis, 144 Ia., 509; 113 N. W., 244; 26 L. R. A. (N.

S.) 73; Furniture Hospital v Dorfman, (Mo.) 166 S. W., 861. And where a firm had an established business in one city and later there was established a similar business in a distant city under a firm name embodying the essential parts of the name used by the company first established, it was held that an injunction would lie to protect the original firm. Ball v Best, 135 Fed., 434; To the same effect see Northwestern Knitting Co. v Garon, 112 Minn., 321, 128 N. W., 288; Ball v Broadway Bazaar, 194 N. Y., 429; 87 N. E., 674, reversing 121 App. Div. 546, 106 N. Y. S., 249."

Prior to that time the Massachusetts case of Cohen v Nagle, had in the appended note cited many cases in point. This note is discussed by Judge Baker, and reported in 5 Am & Eng. Cases Ann., 561, and cites a number of cases in line with the note quoted above, among them being the following:

Sartor v. Schaden, 125 Iowa 696, 101 N. W. 511.

Hainque v. Cyclops I. Wks., 136 Cal. 351, 68 Pac. 1014.

Corwin v. Daly, 7 Bosw. (N. W.) 222.

Lee v. Haley L. R. 5 Ch. 155.

Miskell v. Prokop, 58 Neb. 628, 79 N. W. 552.

As the New Orleans Court has been mislead by a general expression, which it cites, in Columbia Mill Co. v. Alcorn, 150 U. S. 460, 463, the following is of peculiar interest.

In Tetlow v. Tappan, the court, immediately after setting out the following language from Columbia Mill Co. v. Alcorn, 150 U. S. 460, 463,

'That the exclusive right to use of the mark or device claimed as a trade-mark, is founded on priority of appropriation; that is to say, the claimant of the trade-mark must have been the first to use or employ the same on like articles of production," says:

"Much reliance is placed in behalf of the defendant upon this statement; and if it means absolute priority, like that required of an inventor in a patent under an absolute statute,

it would stand squarely in the way of the plaintiff's right. But a trade-mark rests on such use as makes it point out the origin of the plaintiff's goods, and not on invention; and the use must begin early enough, and be seperate enough, for that. Use by another before, at the same place, or near enough to start a similar right, would prevent the use from showing such origin." 85 Fed. 774.

The following cases apply the authority of Levy v. Waitt, a luminous case discussed by Judge Baker, 61 Fed. 1008, 10 C. C. A. 227, 25 L. R. A. 190.

In Heublein v. Adams, 125 Fed. 782, the court said:

"In 1892 complainants adopted, and have since used, the term 'Club Cocktails' as a distinguished trade-name for their bottled cocktails. About 1892, and perhaps earlier, a limited quantity of bottled cocktails was put on the market under the name of "Outing Club Cocktails,' but these goods made little or no impression on the trade, and the use of the name was in the nature of an experiment, and was transitory and inconsiderable. In 1898 the manufacturer of the 'Outing Club Cocktails' caused to be inserted in Mida's Register, a label on which those words appeared, with the statement, 'Used since 1894.' Held that the evidence did not establish any commercial use of the word 'Club,' as applied to cocktails, sufficient to show an appropriation thereof as a trade-mark prior to complainant's adoption thereof."

"Every case of alleged prior appropriation must involve an inquiry into the purpose and duration of use. If the adoption has been but tentative or experimental, or the use but slight and intermittent, it can scarcely be said that the symbol chosen has ever become so far identified with any article of trade as really to point out its origin or ownership, in the sense that a trade-mark is established."

Deitz v. Horton Mfg. Co. 170 Fed. 869;
Menendez v. Holt, 128 U. S. 514.

In Macmahan Pharmacal Co. v. Denver Chemical Mfg. Co., 113 Fed. 468, the court holds:

"A pharmacist in New York City for twenty years made and sold a liquid preparation for use by dentists under the name of 'Macmahan's Concentrated (or saturated) Tincture, Aconite, with Iodine.' After that time he was succeed by a corporation which continued to make and sell the preparation adding to the above designation on the label the word 'Anthiphlogistine.' On cards and circulars it was described by the name of 'Macmahan's Anthiphlogistine,' but such cards and circulars were not shown to have been distributed to any great extent, and the preparation was not advertised in any other manner. In 10 years the company made but 362 sales, to 98 different customers, almost exclusively dentists, who purchased for their own use. The article was not known in the market generally, nor even to the pharmacists in the city. Held: That such company did not have an exclusive right to the use of the word 'Antiphlogistine' as a trade-mark and especially as against another mark, to designate a plastic preparation not adapted to the use of dentists, but intended for external application, and which, during a number of years it had advertised extensively, and in which it had built up an extensive trade."

This against the insistence that mere priority and adoption of the name fixed the right. The opinion of the court is full and reads in part:

"The right to a trade-mark at common law, independent of the registration statute is not created by invention or priority of adoption alone. A word, symbol, or device, to be a valid trade-mark constituting a right of property, must have been used by the owner in connection with the sale of his goods for such length of time, and under such circumstances as indicates to the trade that the goods in connection with which it appears are his goods, as distinguished from those of other manufacturers or dealers. The mere adoption of such

word, symbol or device, unaccompanied by such a use, is not sufficient to create an exclusive right thereto. Mr. Justice Clifford, in the leading case of McCein v. Flemming, 96 U. S. 245, 151; L. Ed. 828, expresses the rule thus:

'Where, therefore, a party has been in the habit of stamping his goods with a particular mark or brand, so that the purchasers of his goods, bearing that mark or brand, know them to be of his manufacture, no other manufacturer has a right to adopt the same stamp.' "

The big principle here that the trade and not the mark is the thing entitled to protection has time and again been declared by the courts.

Relief is granted only where the defendant's business in marks, labels, or other ways represents to the public that the goods sold by him are the goods made or produced by the plaintiff, thus palming off his goods as those of a different manufacturer, to the injury of the plaintiff.

Goodyear Rubber Co. v. Goodyear Co. 128 U. S. 598, 38 L. Ed. 535.

The essence of the wrong in unfair competition consists in the sale of goods of one manufacturer or vendor for those of another.

Howe Scale Co. v. Wycoff, 198 U. S. 118; 49 L. Ed. 972.

The case next cited seems to us to be a fitting antithesis to the New Orleans opinion, and to demonstrate the fallancy of that deliverance with language peculiarly apt.

In Rathbone, Sard & Co. v. Champion Steel Co., 189 Fed. 26, the former company sought to enjoin the latter from using a certain pattern of a gas stove, and rested its contention upon the proof that it had first made stoves of this pattern, sold a small number of them, distributed a limited number of them to dealers in the territory in which the latter company was offering a like pattern and had mailed throughout that territory

some three or four thousand circulars and catalogues advertising this pattern of stove.

(Much more of an effort to occupy the market than Steeleville has made—and yet not enough to identify the pattern with the Rathbone origination.)

In disposing of this case adversely to the contention of the plaintiff therein, Judge Taylor at NISI PRIUS said of defendant's adoption and sale of the same pattern of stove:

"Now, who could be deceived by any such operation as that, certainly not the dealers for they know from whom they bought the stoves, certainly not the public for the public did not know the stoves. In a word the gist of the offense of unfair competition. to-wit: the selling of the imitating thing as the imitated thing does not exist in this case at all."

This language was made the basis of the affirmance of the the decision by the Circuit Court of Appeals of the Sixth Circuit. This language might well be paraphrased

"Who could be deceived by any such operation as this? Certainly not the dealers for they knew from whom they bought the flour, certainly not the public. for the public knew neither Steeleville nor Allen & Wheeler flour."

The New Orleans opinion cites for its warrant to make of the "mark" a FETISH, and of the trade an insignificant incident the case of Epperson v. Blumenthal, 149 Ala. 125. The opinion in that case is, omitting formal parts and citation of authorities, as follows:

"One who has adopted a trade-mark to identify his production, and by his labor and skill has created a valuable market therefor, and has induced public confidence in the superior quality of his goods, whether based on the skill used in the manufacture, or the material from which they are made, or both combined, is entitled, so long as he deals honestly with the public, to be protected against those who, without right, attempt to appropriate his symbol and apply it to other goods

of the same class. The jurisdiction of equity, however, to restrain the infringement of a trade-mark, is founded upon the right of property in the complainant and fraudulent invasion by another, and is exerted to prevent fraud upon him and upon the public, and a party invoking its aid must himself be free from fraud. Any material misrepresentation, therefore, in a label or trade, as to the person by whom the article is manufactured, or as to the place where manufactured or as to the materials composing it, or any other material false representation deprives the party of the right to relief in equity, although the respondent's conduct is without jurisdiction. The evidence in the case at bar leads to the irresistible conclusion that the contents of the bottle of complainants fell far short of what the label and letterings would indicate, and that the bottles were so labeled and lettered to induce the public to believe that they were getting a quality of whiskey far superior to what they actually bought."

In the case of Thomas G. Carroll & Son Co. vs. McIlvaine & Baldwin, Inc., 171 Fed. Rep., page 125, Judge Hough says:

> "Upon any view of the evidence herein the defendant and its predecessors for more than thirty years before the beginning of this suit had widely sold and extensively advertised in New York their Baltimore Club Rye. They made a market for it. They made the trade-mark known in a densely populated community and among a portion of that community whose trade was and is very desirable. Whatever value attaches to the trade-mark in New York at all events is due to no business effort of the complainant, or its acts in putting certain words on record in the United States Patent Office. The defendant's trade under the trade-mark in dispute is long and has been confessedly much larger than the complainant's trade under the same trade-mark.
>
> This case, therefore, presents an unusual inversion of the rule that a limited use in a small area does not give a party trade-mark rights as against other inter-

ests in other sections of the country, where no deception would be likely to result. The unusual condition rests in this: That this complainant, who has brought about a comparatively small use of Baltimore Club Rye, now asserts a right to extinguish or appropriate a much larger business, which with or without its knowledge is the result of upwards of thirty years of effort on defendant's part. To grant an injunction under such circumstances would be to disregard the most important branch of the equitable rule invoked. The injunction in trade-mark cases is primarily designed to prevent the public from being misled and deceived, and to enjoin these defendants from using the words "Baltimore Club" in favor of this complainant would be to further the deception (in this jurisdiction at all events) which it is to the object of equity to prevent.

In Corwin v Daly, 7 Bosw. (N. Y) 222, the defendant had introduced "Club House Gin" into California, shipping it from New York. The complainant, who had previously vended gin under the same name in this city, endeavored to prevent it; and the Court remarked:

> 'Defendant's wares are intended for, shipped to and circulate in the California market alone, where only recently the complainants have followed them. The latter cannot claim their trade-mark to be prior in time there. They have not monopolized all the markets in the world, and cannot exclude the defendant's wares.'

The same doctrine (in modern form) is well illustrated in Tetlow vs Tappan (C. C.) 85 Fed. 774. In that case a large manufacturer, after he had established a trade-mark, discovered that the same mark had long been used for the same purpose by a small dealer with a small trade in a distant city, and he thereupon paid that small dealer (in effect) not to enlarge his use of said trade.mark. But this recognition of an apparently prior right was not held to invalidate the larger manufacturer's title as agent against a proven invader of the manufacturer's business. The facts of this case (of which the writer had personal knowledge) are a good

illustration of the rule that the trade-mark merely distinguishes and designates the business, and it is the business which is to be protected, not the trade-mark as a mere collocation of words or symbols. There is nothing sacred about the words or symbols.

And finally, in any view of the testimony, the decision in Macmahan Pharmacal Company v. Denver Chemical Co., 113 Fed. 468, 51 C. C. A., 302, is decisive against this bill. It is possible that here, as in the case cited, the defendant's predecessor, in ignorance of Carroll's acts or Carroll's business, adopted Carroll's words, and with those words as a signboard, bullt up a large trade and acquired public reputation; but in this case, as in that, it must be held that, regardless of priority of adoption of words which are worthless without a business, the complainant never acquired the exclusive right to use the words in question, "Baltimore Club," as a trade-mark and the bill must, therefore, be dismissed."

Judge Baker, (208 Fed. 513) in commenting on this case, says:

"Carroll, in Maryland, and McIlvaine, in New York (C. C. 171 Fed., 125) had each in his locality established a trade in Baltimore Club whiskey. About thirty years later Carroll extended his trade to New York and sought to stop McIlvaine on the ground that Carroll was the originator of the brand. It was held in substance that, CONCEDING PRIRORITY to Carroll, and independently of whether the brand was a technical trade-mark or merely a trade-name, Carroll was not entitled to an injunction, because it was not Carroll's prior appropriation of the mark or name, but his prior appropriation of trade through the use of the mark or name, that was to be protected."

Could there be a clearer statement of the principles involved in this suit between Hanover and Metcalf?

Finally, the question here to be decided is:

Shall the Hanover Star Milling Company be permitted to

sell its product, Tea Rose Flour, unmolested by an invasion (by a heretofore unknown product there) of its territory by some one else under a similar mark and name? Certainly Hanover Star Milling Company's product is and has been the only Tea Rose flour sold in the middle district of Alabama up to the time of filing of this Bill seeking injunctive relief against the invading Tea Rose imitator, and there the Tea Rose product stands for the Hanover Company, and the Hanover Company stands for Tea Rose.

(See Statement of Facts in this case, which is not denied by defendant, and the findings of fact by Judge Baker in the Allen & Wheeler vs. Hanover case, 208 Fed., 515, in the following language:

"IN THE FLOUR TRADE IN THE SAID SOUTHERN TERRITORY, THE MARK 'TEA ROSE' HAS COME TO MEAN DEFENDANT'S (HANOVER COMPANY'S) FLOUR AND NOTHING ELSE."

Also see similar findings of fact on Page 522 of the same opinion.

To the flour buying public in the territory embraced in the Bill, Tea Rose and Hanover Star Milling Company are synonymous. No other Tea Rose flour has ever been seen or heard of in that district. Since the purpose of injunctive relief in trade-mark cases is, that the trade and not the mark should be protected, therefore, if the Steeleville Company is allowed to come into this territory and sell their goods upon the strength of Hanover's reputation, then indeed has the trade-mark doctrine, which started out to prevent invaders from deceiving customers to the injury of the established business, come to protect the invader in deceiving customers to the invader's advantage at the expense of the established business. Instead of the "garden of goodwill" cultivated by the Hanover Star Milling Company in the territory in which we seek to prevent the invasion being protected, and the public prevented from being deceived—and thus the two elements for which the trade-mark is supposed to exist justified, the deception of the public would

be permitted and assisted, and the destruction of the established business sanctioned by the Court.

We submit that the District Court correctly granted the injunctive relief, protecting at the same time the trade of petitioner and the public from deception, and that the Appellate Court erroneously dismissed the Bill, and that this Court should re-instate the injunction and allow the petitioner to continue its business, built up with such great pains and expense, so that no injury may result, either to the established business or to the public.

To paraphrase the language of the Seventh Circuit Court of Appeals:

> "Can this Court find anything in conscience or in reason or in persuasive precedents that should induce it to permit the Steeleville Milling Company through Respondent, to invade and dominate the Southeastern market in question where 'Tea Rose' means Hanover Star Milling Company, and there absorb or take over the valuable trade that the Hanover Company, in good faith, has built up in virgin territory?

(See finding of facts Allen & Wheeler vs Hanover Company, 208. Fed. Rep., at page 522.)

Respectfully submitted,

Edgar S. Clarkson

Henry Fitts

James E. Morrisette.

John London.

I, Edgar L. Clarkson, of Counsel for the Appellant in the above entitled cause, hereby certify that I have this day sent by U. S. registered mail a copy of the above Brief to each of the Counsel for the Appellee, Mr. Edward Everett Longan and Mr. J. Fred Gilster.

Dated this 22nd day of March, 1915.

Edgar L. Clarkson

IN THE

Supreme Court of the United States

OCTOBER TERM, 1914

No. 270.

HANOVER-STAR MILLING COMPANY,
Petitioner,

v.

D. D. METCALF,
Respondent.

REPLY TO RESPONDENT'S BRIEF.

This case was decided for Metcalf, (customer of the Steeleville mill), by the Court of Appeals, because that court erroneously believes that the law gives to the manufacturer who first adopts and uses a trade name the property therein, which the courts of equity will protect anywhere in the United States, regardless of whether or not a

trade has been developed to carry the name.—(See the concluding section of the opinion (Sec. 6) and the erroneous citation of many authorities as supporting that view.)

204 Fed. 211, 216; Rec. pp. 61 and 62.

Hence the court's discussion of the evidence is colored by this erroneous viewpoint. Everything is viewed from that angle instead of in the true perspective of this principle:

> "It is the trade and not the mark, that is to be protected, a trade-mark acknowledges no territorial boundaries of municipalities or states or nations, but extends to every market where the trader's goods have become known and identified by his use of the mark. But the mark, of itself, cannot travel to markets where there is no article to wear the badge and no trader to offer the article."

208. Fed., 519.

Respondent's brief practically admits that the Court of Appeals was in error in its view of the law, and attempts to shift the ground of its decision and to make it appear that the court found a state of facts under which the doctrine laid down in Judge Baker's opinion in the Allen & Wheeler case, from which the above quotation was made, justified the dissolution of this injunction. We trust that the statement of facts in our brief has already shown the fallacy of such a contention. The evidence does show that Allen &

Wheeler did use the name "Tea-Rose," but not the label here involved, before the foundation of either the Hanover or the Steeleville business, but to a very limited extent, and in a very remote territory.

Petition for *Certiorari*, p. 7; Appellee's brief p. 6.

The lower court was impressed that this limited use of Allen & Wheeler in New York and New England prevented Hanover acquiring any right to the name in Alabama, and this is the real predicate of its decision. Led on by this initial error, the opinion does suggest a use of the name and brand by Steeleville in the South far beyond anything shown by the evidence. But even its consideration of Steeleville's relation to this name is as respects first adoption and not as respects a developed trade carrying the name.

This reply brief is called into being solely by the very artful effort of Steeleville's counsel to here implant an impression that the testimony shows a prior established trade by Steeleville in the disputed territory, and a skillful use of excerpts from Judge Sheppard's opinion to foster that impression.

The facts of this case are correctly stated in the petition for *certiorari*, and are again correctly stated in substantially the same language in Appellant's brief. This statement counsel does not attempt to criticise, but simply tries to use the language of Judge Sheppard, written in the

fulmination of one line of thought, to support his decision, when the very foundation upon which he rested his decision has been abandoned.

In view of this effort, we submit a condensed, but fair analysis of all the evidence bearing upon the inquiry as to whether Steeleville had any trade in the disputed territory, and incidentally as to whether Hanover or Steeleville first adopted the trade name in any territory.

The first inquiry is determinative of the case. The second is, in our view of the law, quite immaterial, but since a preponderance of the evidence clearly shows that Hanover's use of the name was earlier than that of Steeleville, our client is entitled to whatever persuasive tendency, if any, that fact may exert.

The first step in this analysis is to see the state of pleading in respect to which the evidence is taken. What is the issue here? Not the identity of name and label,—that is conceded. Not who first adopted or used the "Tea-Rose" label, for the complainant does not, in its Bill, claim to be either the first appropriator or user. It is this: Did Hanover have, in Alabama, an established trade, so marked by the "TEA ROSE" label, as to identify Hanover as the manufacturer? The averments of the Bill on this point are but three:

(1) Hanover's use of the label for twenty-seven years, (and this is merely introductory matter). (Rec. p. 2.)

(2) A large trade in flour thus labeled in

Alabama beginning twelve years before Bill filed, i. e., in about 1900, and developed in 1912, to very large proportions so that the identity of complainant's mill and the name was thoroughly established in the public mind. (Rec. pp. 2 and 3.)

(3) During the development of this trade Hanover's flour was the only flour sold, or offered upon the market under this label, and when the development of this trade began that name was unknown upon the Alabama market. (Rec. p. 3.)

As to averments (1) and (2) defendant's answer disclaims knowledge and demands proof.

The answer to averment (3) is this:

> "Defendant denies, upon information and belief, that the complaintant's Tea Rose flour is the only Tea Rose flour that has been sold or offered for sale in Alabama, under the name Tea Rose, but is informed and believes that as early as 1899, the Steeleville Milling Company sold flour in Alabama labeled Tea Rose, and having the same specific design as Exhibit A."

The words as here used seem to imply an admission that Hanover's trade existed as averred, except for a sporadic sale or sales by Steeleville. But, if the language of the answer be regarded as a technical denial, the facts show what the answer seems to admit; as there is no contention anywhere in this record that Steeleville ever, at any time before the competition here complained of

began, made but one sale of "Tea Rose" flour in Alabama, and that was at Whistler in 1899.

In the following resume the facts are as stated, without conflicts or contrary inference, except where such conflict is indicated in the margin.

Hanover's Testimony.

AFFIDAVIT OF HENRY M. SCHURMAN, President of Hanover continuously since 1885. Has used label since 1893, and to the best of his recollection since 1886. Has always been diligent to protect label and has never known of any effort at infringement until the competition complained of in this Bill arose, except for an incident growing out sales at Meridian, Mississippi. (All testimony bearing on the Mississippi incident will be hereafter summarized together). About 1904, Hanover started development of Alabama market, and thereafter employed H. N. Eddins as salesman. "Tea Rose" was adopted as basis of extensive advertising. Much money spent in advertising campaign. Fine results obtained in increased trade. During all of these eight years during which the sales of this flour has been almost trebled in the territory aforestated and during all of the time that this expensive advertising has been going on there has been no effort, so far as this affiant knows, and he has had ample opportunity of knowing because he has traveled over this territory once each year during all that time, the defendant has made no effort to sell

any of its products under the name of Tea Rose" and has asserted in the aforesaid territory no claim to that name or brand.

AFFIDAVIT OF ED. SCHURMAN, Secretary of Hanover since its organization. Hanover has used label many years. During past ten years has built up a very large trade in Alabama for its flour under that name, and that up until a few weeks last said, "Tea Rose" flour was made and sold exclusively by the Hanover Star Milling Company in Alabama, and by no other persons, and was offered for sale by no other person in Alabama, except said Hanover Star Milling Company and its duly authorized agents.

AFFIDAVIT OF LOUIS PHILLIPS. Head miller for Hanover continuously since 1884. That Hanover had an established market for a flour branded "Tea Rose" several years before a certain Herman Gilster of the Steeleville Milling Company of Steeleville, Illinois, came to Germantown, Illinois, in 1905, endeavoring to purchase the Hanover Star Milling Company's Tea Rose brand. That said Tea Rose brand has been used continuously by the Hanover Star Milling Company positively since the year 1893, and I am under the impression that we had adopted said Tea Rose brand on or before the year 1888. That the quality of the flour branded "Tea Rose" has been continuously maintained as well as the design of the brand and label. (R. p. 46.)

AFFIDAVIT OF JOHN S. McMULLEN. Wholesale grocer at Greenville, Alabama. About

Spring of 1908, began to buy and sell Hanover Tea Rose flour. At that time there was no flour being sold under the name Tea Rose in Butler County, or any adjoining counties. Finding that this was a grade of flour which gave satisfaction to the trade, affiant gave some attention to pushing the sale of this brand and has during all the past four years built up a trade for Tea Rose flour in Butler, Covington, Conecuh, Lowndes and Crenshaw Counties of about 5,000 barrels a year; and of other flours manufactured and sold by the Hanover Star Milling Company about 3,000 barrels. Affiant has by means of the trade commanded for this make of flour, been able to largely control the flour trade of that section. No effort was made by any other persons to sell flour under the Tea Rose name or brand in any of the counties heretofore named until about the 19th day of February, 1912, when the defendant, D. D. Metcalf, received at Greenville, Alabama, a car load of flour branded with the name "Tea Rose" and with the picture of a rose, put up in packages very much like the picture in which the product of the Hanover Star Milling Company's flour was packed. There has been no flour sold at Greenville under the name "Tea Rose," except such as was sold by said Metcalf of that car prior to the issuing of the restraining order in this case. (R. p. 30.)

AFFIDAVIT OF G. W. LEWIS. Associated in the wholesale grocery business with McMullan. Testimony is substantially the same as McMullan's

and covers the same four-year period. His words are: No "Tea Rose" flour of any sort, kind or description other than made by the complainant company was sold in the counties aforestated (Butler and nearby counties), until about the 19th day of February, when a car of flour which appears to have been manufactured by the Steeleville Milling Company of Steeleville, Illinois, was shipped to D. D. Metcalf at Greenville. (R. p. 40)

AFFIDAVIT OF HARRY N. EDDINS. About first of 1904, affiant took charge of Hanover sales. It then had Tea Rose as an establshed brand. Since his employment, affiant has found among the records of Hanover Mill, and now has in his possession, correspondence and original invoice and way-bill, showing a shipment of five hundred barrels of Tea Rose flour by Hanover to a firm in Glasgow, Scotland, in 1893. Affiant, upon entering Hanover's employment, put on the advertising campaign already referred to, and centered it about Tea Rose brand. Travelled over the territory constantly spent much money and got big trade results. The name and label Tea Rose as the product of complaintant's mill has been established firmly throughout the territory, and as the result the sales increased one hundred and fifty per cent., necessitating enlarging of the mill's capacity, to almost double what it was at the time the campaign of advertising began, and more than half of all the flour sold by complainant is sold under this name and brand. Such of the flour as is not sold under this name and brand

is successfully marketed because of the reputation which has been attained from Tea Rose flour. The Hanover Star Mill has become known primarily as the "Tea Rose" mill, and the reputation of the mill rests upon and is inseparably bound up with the reputation of Tea Rose flour. Such is the reputation established for the brand that orders repeat without solicitation and sales are between $300,000 and $400,000 per annum, and half of it comes from the sale of "Tea Rose" and all of it in large measure dependant upon the reputation of "Tea Rose." When he began the sale of the complaintant's product in the aforedesignated territory, there was in that territory no flour for sale under the name "Tea Rose," or under any brand of similarity to the "Tea Rose" brand; nor did any flour under the name "Tea Rose" or under any brand similar to complainant's "Tea Rose" brand appear upon the market in the aforesaid territory until after the affiant had been engaged in selling this brand of flour for five years or more. Then affiant tells the beginning of the competition now complained of. The only place in which affiant ever saw "Tea Rose" other than Hanover was in one store in Tupelo, Mississippi, in about 1910, and in 1912, just at the time Steeleville shipped Tea Rose to the defendant, he saw flour in a Tea Rose sack from the Steeleville mill in one store in West Point, Mississippi, where it was quoted at a price seventy-five or eighty cents above Hanover. Immediately after seeing the Steeleville flour in West point, affiant received from the

Steeleville mill a letter offering to place with him a high-grade flour account. In the correspondence which ensued, Steeleville quoted "Tea Rose" to Eddins at a price lower than the Hanover price. Eddins replied that he had seen this flour in Mississippi and thought that "the telegram was somewhat mixed and that Tea Rose should be $5.35 instead of $4.80." To this Steeleville replied:

> "In regard to our Tea Rose brand" we wish to state that we formerly (and in some instances still use it), used this brand on our best patent grades, but owing to the fact that another mill appropriated the brand used it on a cheaper grade of flour, we have in the past few years displaced it wherever possible with our 'Gilster's Best,' 'Alice' or 'Lydell' brands and are beginning to use Tea Rose on our lower grades. As mentioned before we still use the Tea Rose brand to some extent on our best trade, and should your trade prefer this brand to our Gilster's Best, we shall be pleased to fill it for them."

With the exception of the two instances, one at Tupelo, and one at West Point, Mississippi, affiant never encountered any Tea Rose flour in any portion of his territory during all of his years of service for the complainant until Tea Rose flour was offered for sale by the Steeleville Milling Company through the defendant at Greenville.* (R. pp. 26-30.)

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*See Pillar's affidavit post page 13.

Defendant's Testimony.

AFFIDAVIT OF HERMAN E. GILSTER. In 1906, affiant was Secretary of Steeleville mill. In 1906, and for several years before Steeleville was using the Tea Rose brand for which it had many customers in the South, particularly in Mississippi. Then follows a statement as to the sales of Hanover and Steeleville at Meridian, Mississippi. In concluding the affidavit he says that Steeleville marketed Tea Rose brand in Alabama ***and Mississippi without objection from Hanover. That since examining the Bill of Complaint he has visited a number of bag houses in St. Louis, and has written to Morgan & Hamilton, Bag Manufacturers of Nashville, Tennessee, and from all the information which he has been able to obtain, orally or by examination of records, says, upon information and belief, that the complainant has not used the Tea Rose brand, as designated and alleged in complainant's bill prior to the year 1902** in the United States or domestic market, and as to its use in foreign markets, affiant was unable to obtain any definite information.

**See affidavit of Murdock post page 14, which shows that Chase Bag Company was making Tea Rose bags for Hanover in 1898.

***In view of the testimony of Albert H. Gilster, the only claim of a sale in Alabama was made at Whistler in 1899.

AFFIDAVIT OF ALBERT H. GILSTER. President Steeleville Mill. Steeleville has used the label since June 1895. Steeleville has sold that brand of flour in Illinois, Tennessee, Mississippi, Louisiana, Arkansas and in Alabama, the sales of said flour bearing said trade-mark in Alabama being in the year 1899, and in the month of August, the said sale and delivery of said flour being made to I. H. Pringle, at Whistler, Alabama*; that flour bearing said trade-mark Tea Rose, as per "Defendant's Exhibit No. 1" has been sold by his company, (Steeleville Milling Company, of Steeleville, Illinois), in the State of Mississippi, and in Meridian, Mississippi for over twelve years. Then follows a statement as to the sale of Hanover and Steeleville flour at Meridian.

AFFIDAVIT OF WM. J. WINKLEMAN. Worked for Steeleville Mill for about sixteen years, beginning in July 1905. Steeleville was then using the brand. (Rec. p. 24)

AFFIDAVIT OF JAMES M. PILLAR. Affiant was, in 1895, Secretary and office man at Steeleville. In that year placed an order for printing of Steeleville Tea Rose lable with a traveling salesman of the H. & L. Chase Bag Company, and was induced to place such order by the assurance of the salesman that the lable was not in use in any other mill around St. Louis. Affiant says that Mr. Eddins told him that he knew Steele-

*This seems to be the only sale which Steeleville claims to have made in Alabama prior to the sale to defendant.

ville was marketing Tea Rose in Mississippi about seven or eight years ago. Rec. p. 25.

AFFIDAVIT OF F. A. STAHLBERG. Was Treasurer of Steeleville from some time in 1895 until 1897. That Steeleville was then using the brand. Rec. p. 23.

AFFIDAVIT OF WILLIAM MURDOCK. Has been in employ of H. & L. Chase Bag Company of St. Louis for twenty-five years. That records of this concern show that they first made Tea Rose sacks in 1895 for Steelville and for Hanover in 1898.*

AFFIDAVIT OF ALOIS BAUMGARTNER. Affiant lives in Steeleville. From July, 1907 to February, 1909, was second miller for Hanover. During that time Hanover packed in Tea Rose sacks a grade of flour called Extra Fancy, and at other times a grade of flour called Straight Run or 100%.

The foregoing testimony is practically harmonious and is all upon the points under discussion, except that relative to a certain collision between the Steeleville and Hanover flour which oc-

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*No showing that this bag house was the only bag manufacturer in the United States, in the Middle West or even in St. Louis.

curred at Meridian, Mississippi** about eight years before this Bill was filed. And the testimony relative to this incident is free from conflict, except that Mr. Henry Schurmann of Hanover and Mr. Herman Gilster of Steeleville differ as to the substance of a conversation which occurred between them at the Hanover mill in 1905. It appears that Steeleville, in the years between 1899 and and 1903, had by advertising and otherwise, acquired some business in Meridian, Mississippi, and has in these four or five years sold a quantity of flour (estimated at ninety per cent. (90%) of 35 cars) to jobbers in that city. (Rec. p. 32 and 15).

In about 1903, Hanover took this trade from Steeleville by selling flour under the Tea Rose brand at a lower price. In 1905, A. H. Gilster, of the Steeleville Mill, wrote to Hanover complaining of its use of the brand and claiming that Steeleville owned the brand. To one of these letters Hanover replied indefinitely, and to the other it made no reply.

In 1905 H. E. Gilster visited the Hanover Mill for the purpose, he states, of ascertaining the respective rights of the said Steeleville and Hanover to the use of the brand, and of ascertaining if possible the length of time Hanover had been using the brand. (Rec. p. 13.)

**Since the injunction involved was of sales at Greenville, in East Alabama and Meridian is not in disputed territory, the bearing of this is merely incidental.

Mr. Gilster's version of this conversation is that the Schurmanns did not give him the exact date when they began using Tea Rose, and that he told them that Steeleville had been using the brand and would continue to use it, and that the Schurmanns expressed no objection to his doing so, and made no request upon him to desist from using it, and Gilster denies that he offered to buy the brand from Hanover. (Rec. pp. 13 and 43.)

Mr. Schurmann's version of this conversation is that Mr. Gilster opened up the conversation by speaking of the conflict which had arisen at Meridian, and that after Schurmann had assured Gilster that Hanover had been marketing flour under this name and brand for many years, Gilster tried to purchase the brand from Hanover. Schurmann declined to sell and Gilster, at that time, made no further insistance that Steelville's right was superior to Hanover's. (Rec. p. 33.)

Immediately after the visit of Gilster to Hanover Mill, the Millers' Association, at the instance of Steeleville Mill, wrote to Hanover Mill, in August, 1885, (Rec. p. 16) asking that the Association be advised when Hanover first started using this brand. To this letter Schurmann replied that Hanover's use thereof began about ten years before the date of the inquiry, and had been continuous since. Steeleville was then informed by the Association that Hanover took the position that its use of the brand extended back to 1885,

and said: "If you adopted and used this brand before this time, it is the only basis upon which the common law right would give you the exclusive right to its use over the Hanover-Star Milling Company. I would be glad if you will advise me if you adopted and used this brand before this time." (Rec. p. 16.)

To this letter from the Association, Steeleville never made reply. At the Millers' Association in 1906, Herman E. Gilster attempted, without success, to reach an agreement with Mr. Schurmann, President of Hanover, regarding this brand.

Resume.

From the foregoing summary of the facts it is amply apparent that

(1) The Steeleville Mill had no business in Alabama, either at the beginning of or at any time during the Hanover Mill's upbuilding of that market, and

(2) The object of Steeleville using the Tea Rose Brand at Greenville was to avail of the Hanover reputation and advertising.

There is no real effort on the part of the Steeleville Mill to deny either of these propositions.

If the view of the law voiced by Judge Baker's opinion in the Allen & Wheeler case, (208 Fed. 519), is the true view, then we need go not further into the facts.

And, if Judge Sheppard's view of the law, (204 Fed. 211, 216), is adopted,—(A thing unthinkable after Judge Baker's unmasking its superficiality) Hanover's right to the injunction is clearly shown, because

"It is shown without contrary inference that the Tea Rose label was never used by Steeleville until 1895, when affiant Pillers ordered the label from the Chase Bag Company." (Ante. p. 13). No claim of an earlier adoption is suggested;—and

A clear preponderence of the testimony establishes that Hanover's use of the label dates back at least to 1893.

The state of proof on this point being in this wise:

Affirmative.	Contra.
Schurmann, Hanover's President. (Ante. p. 6).	Gilster claims that his examination at bag houses showed first use by Hanover in 1902. (Ante. p. 12).
Schurmann, Hanover's Secretary. (Ante. p. 7).	Immediately controverted by the affirmative showing of Murdock that the Chase house was supplying Hanover with this label in 1898. (Ante. p. 14).
Phillips, Hanover's Head Miller. (Ante. p. 7).	Murdock's showing that the first order for this label given by Hanover to the one bag house represented by him was in 1898.
Eddins possession of original invoice and waybill showing use of label on large shipment made in 1893. (Ante p. 9).	
Steeleville's acquiescence in Hanover's statement to Millers' Association that its use of label dated back to 1885. Ante p. 16).	
Steeleville's surrender of Meridian, Miss., trade after raising issue as to priority of adoption. (Ante p. 15).	
Its general acquiescence in use of label by Hanover as indicated in letter to Eddins. Ante p. 11).	

"World's Best."

The argument in regard to the use of the "World's Best" on the back of the Hanover sack must astonish this Court for several reasons. In the first place (and this it seems to us absolutely disposes of the contention) it is extraneous to the issues and unsuggested by any of the pleadings. It is a correct principle of trade-mark law, that one seeking relief must not himself be guilty of any false or misleading representations, but this does not forbid harmless puffing of ones wares. Besides, this is the "World's Best" flour or at least there is none better, for it is a medium white flour, containing a high percentage of nutriment and yet free of all irritant matter. All the flour buyers know that the best flour is not the highest priced flour, which is the whitest flour, lowest in nutriment. There could have never been a material issue growing out of this little puffing—but if there had been we could make the claim good by showing a flour high in nutriment, free of irritants, and reasonable in price, the best (or none better) in either food value or money value. Hence it could not be said that the statement of the "World's Best" was a mis-representation if the truth of the statement was in question. "World's Best" is typical of "a little harmless boosting" sanctioned by the books. If the Court cares to further pursue the subject, the following citation will lead to others from which a full view of the subject can be had:

"Allowances must be made for trifling inaccuracies, puffing of goods and the like." 38 Cyc., page 703, and citations thereunder.

"Defendant contends that complainant has no standing in a court of equity because the name it has applied to its hosiery "Holeproof" is false and misleading. We are not impressed by this argument. No one surely could be mislead into the belief that holes will not appear in complainant's socks if they are worn long enough, and it is difficult to conceive that anyone could be fatuous enough to suppose that by the use of such a word he could deceive people by inducing a belief that the goods to which it was applied would never wear out. It is a boastful and fanciful word, easily to be distinguished from the "Syrup of Figs" and similar cases where the name or description involved misstatements as to the manufacture of the advertised product."

Holeproof Hosiery vs. Wallach Brothers—
172 Fed. Rep. page 859.

Respectfully submitted,

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Henry Fitch

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Attorneys for Hanover Star Milling Co.

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IN THE

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1914.

HANOVER STAR MILLING COMPANY,
Petitioner,
vs.
D. D. METCALF,
Respondent.

No. 270. 23

RESPONDENT'S BRIEF.

J. FRED GILSTER,
Solicitor for Respondent.

EDWARD EVERETT LONGAN,
Of Counsel for Respondent.

St. Louis Law Printing Co., Printers' Bldg., Ninth and Walnut. Bell, Main 1819.

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IN THE

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1914.

HANOVER STAR MILLING COMPANY, Petitioner,
vs.
D. D. METCALF, Respondent.
No. 270.

RESPONDENT'S BRIEF.

STATEMENT OF CASE.

This is a suit brought by the Hanover Star Milling Company against D. D. Metcalf, of Greenville, Alabama, on the trade-mark TEA ROSE for flour.

The District Court granted a restraining order and a temporary injunction against the respondent Metcalf from marketing TEA ROSE flour, and from the order granting a temporary injunction respondent appealed to the Court of Appeals for the Fifth Circuit. The decretal order for the temporary injunction was reversed and the bill dismissed.

The defenses interposed by the respondent Metcalf to petitioner's bill are as follows:

First. That petitioner is not entitled to exclude the respondent from the use of the words TEA ROSE as a trade-mark for flour in the State of Alabama (the disputed territory) for the reason that the respondent's manufacturer was the first to appropriate and use the words TEA ROSE as a trade-mark for flour in the State of Alabama.

Second. That petitioner has no right in law nor equity to enjoin respondent from the use of the words TEA ROSE as a trade-mark for flour in the State of Alabama, nor at any place within the United States, for the reason that Allen & Wheeler Co., of Troy, Ohio, was the first to appropriate and use, and is still using, the words TEA ROSE as a trade-mark for flour in the northeastern part of the United States.

Third. That the respondent has not been guilty of any unfair competition.

Fourth. That petitioner, being itself a trespasser or infringer on the rights of others, it has no right to exclude a third party from using the trade-mark TEA ROSE.

Fifth. That it (petitioner) is not the owner of the trade-mark TEA ROSE in that it has not done those things necessary to be done to establish an exclusive right to said trade-mark.

RESPONDENT'S STATEMENT OF FACTS.

The facts disclosed by the record are in substance as follows:

The respondent is in the mercantile business at Greenville, Alabama, and purchased a carload of flour from the Steeleville Milling Company, having the

words TEA ROSE printed on it, and this suit was instituted by the Hanover Star Milling Company, of Germantown, Illinois, to enjoin the respondent from selling flour labeled TEA ROSE which he purchased from the Steeleville Milling Company. The Steeleville Milling Company, respondent's manufacturer, and the Hanover Star Milling Company are located in the State of Illinois, their mills being about seventy-five (75) miles apart.

The affidavits on behalf of the respondent show that his manufacturer, the Steeleville Milling Company, has continuously used for over sixteen (16) years, and for more than six (6) years, to the direct knowledge thereof by petitioner, the trade-mark TEA ROSE complained of, Defendant's Exhibit No. 1, attached to the A. H. Gilster affidavit (Rec., p. 14).

The affidavits further show (Rec., pp. 13 and 14) that in the year 1904, about eight or nine years ago, respondent's manufacturer, the Steeleville Milling Company, and the Hanover Star Milling Company, the petitioner, were active competitors in the market of Meridian, Miss., and in the State of Alabama, and in the vicinity thereof, in the sale of TEA ROSE flour, each marketing their respective brands of TEA ROSE flour through practically the same distributers.

The affidavits further show that for more than sixteen years past respondent's manufacturer has used the same specific design complained of for TEA ROSE flour as is illustrated by Defendant's Exhibit No. 1 (Albert H. Gilster's affidavit, Rec., p. 14), and as early as 1899 respondent's manufacturer had sold in the State of Alabama TEA ROSE flour.

The affidavit of William Murdock (Rec., p. 23), department manager of the H. & L. Chase Bag Co. of

St. Louis, who has printed bags or flour sacks for both the petitioner and respondent's manufacturer, shows that the TEA ROSE brand or trade-mark of the Steeleville Milling Company, respondent's manufacturer, was printed in 1895, and that the TEA ROSE brand or trade-mark of the Hanover Star Milling Company was printed in 1898, and that both were printed from the same cut, No. 1401, respondent's manufacturer's sacks being printed about three years prior to the Hanover sacks.

The affidavit of A. H. Gilster (Rec., p. 21), president of the Steeleville Milling Company, respondent's manufacturer, shows that he visited a number of the bag houses in St. Louis, and wrote to Morgan & Hamilton, bag manufacturers, at Nashville, Tennessee, and from all the information that he has been able to obtain orally and by examination of the records, he says, upon information and belief, that the petitioner corporation has not used the TEA ROSE brand as designated and alleged in petitioner's bill prior to the year 1902, in the United States or domestic market. As to its use in foreign markets, affiant was unable to obtain any definite information.

The only documentary evidence attached to the affidavits of either party to this suit, referring to when the bags were printed, are the photographs attached to the affidavit of William Murdock, showing when the Chase Bag Company printed the picture of a rose for the Steeleville Milling Company and the Hanover Star Milling Company, and which disclosed that such bags were printed for the Steeleville Milling Company, respondent's manufacturer, three years prior to the time such bags were printed for the Hanover Star Milling Company.

The affidavits of A. H. and H. E. Gilster (Rec., pp. 13, 14 and 42) on behalf of respondent, show that on numerous occasions the Steeleville Milling Company, respondent's manufacturer, and the Hanover Star Milling Company, the petitioner herein, had discussed their respective rights to the TEA ROSE brand of flour, Defendant's Exhibit No. 1, and that the petitioner herein never protested nor raised any objection to the use of the specific design of TEA ROSE flour, as it now complains of, until a few days prior to the bringing of this suit. In other words, the petitioner herein now seeks to enjoin the use of the specific TEA ROSE brand which it knew was in use and had been used by respondent's manufacturer for more than six years prior to the bringing of this suit.

The affidavits on behalf of the respondent further show that **long prior** to the first alleged use of the trade-mark TEA ROSE by petitioner, and as early as 1872, that said trade-mark TEA ROSE had been adopted, appropriated and used as a trade-mark for flour by the firm of Allen & Wheeler, of Troy, Ohio, and it and its successors in business, the Allen & Wheeler Company had used the same continuously down to the present time. (Thos. B. Wheeler, Rec., p. 19, and Henry M. Allen, Rec., p. 22, which specify definitely the exact date and the names of some customers in 1872 to whom the firm of Allen & Wheeler sold flour bearing the trade-mark TEA ROSE.)

It is not disputed by petitioner that **long prior**, before it commenced to use the words TEA ROSE, said words TEA ROSE had been appropriated, adopted and used as a trade-mark for flour by Allen & Wheeler. It is not disputed by the petitioner that Allen & Wheeler's use of the trade-mark TEA ROSE has been **continuous**

since it adopted and used the mark in 1872, or for more than forty years.

The affidavit of Harvey Mullins (Rec., p. 20) shows that his company, the Acme-Evans Milling Company, and its predecessors, had used the words WHITE ROSE as a trade-mark for flour with the picture of a rose, since 1858, and that his company had used the picture of a rose since 1880, the WHITE ROSE label of the Acme-Evans Milling Company being attached to his affidavit. The affidavit of Harvey Mullins has never been contradicted nor disproved.

The affidavits of respondent's customers (R. Olinsky, Rec., p. 44; Pinkney Houston, Rec., p. 44; G. W. Williamson, Rec., p. 43; R. W. Johnson [Rhodes Mill Mercantile Co.], Rec., p. 45; H. H. Beasley, Rec., p. 46; and J. R. Smith, Rec., p. 45) further show that in **all sales** made by the said respondent **he represented** his flour to be a flour **manufactured by and the product of** the Steeleville Milling Company, of Steeleville, Illinois.

The sworn answer of the respondent (Rec., p. 8) denies that he has ever unfairly in any manner competed with the petitioner in the selling of TEA ROSE flour or any other product; denies that he ever represented or declared to any purchaser or prospective purchaser that the flour sold or attempted to be sold by him was the product of petitioner's mill, or that it was the **original** TEA ROSE flour, and affirmatively states under oath that in all sales and transactions made by him his flour was sold as a flour manufactured by and the product of the Steelville Milling Company, of Steeleville, Illinois, and all those to whom he sold TEA ROSE flour corroborate him.

In summarizing, the evidence establishes the fact that respondent's manufacturer, the Steeleville Milling

Company, was the first to sell flour bearing the trade-mark TEA ROSE in 1899 at Whistler, Alabama; that the Allen & Wheeler Company was the first to sell flour branded TEA ROSE in the United States in 1872; that the use of the trade-mark TEA ROSE by both respondent's manufacturer and the Allen & Wheeler Company has been continuous and never abandoned; that the H. & L. Chase Bag Company, of St. Louis, Mo., who printed the sacks for both the respondent's manufacturer, the Steeleville Milling Company, and for the petitioner, received orders from the Steelville Milling Company for TEA ROSE sacks at least three years before it printed TEA ROSE sacks for the petitioner; and that respondent's manufacturer's use of the TEA ROSE mark was known to the petitioner for years.

The material facts contained in the foregoing statement are practically all substantiated and adjudicated in the opinion filed herein April 8, 1913 (Rec., p. 57), and are largely incorporated in the aforesaid opinion.

ARGUMENT.

This cause is predicated on the allegation that petitioner was the first to use the words TEA ROSE as a trade-mark for flour in the State of Alabama, and petitioner concluded from that alleged state of facts that it had the **exclusive** right to the use of that mark in that territory.

An examination of the record shows clearly that petitioner was not the first to use the mark TEA ROSE as a trade-mark for flour in the disputed territory—namely, the State of Alabama. To sustain this statement we direct the Court's attention to the following facts contained in the record:

The affidavit of Albert H. Gilster (Rec., p. 14) states that—

> "The Steeleville Milling Company has been using the trade-mark or brand TEA ROSE for over sixteen years, to-wit, since June 29, 1895; that flour made by his said corporation and bearing said trade-mark or brand has been sold by said corporation in Illinois, Tennessee, Mississippi, Louisiana, Arkansas and Alabama, the sales of such flour bearing said trade-mark in Alabama being in the year 1899 and in the month of August, the said sale and delivery of said flour being made to I. H. Pringle at Whistler, Alabama; that flour bearing said trade-mark TEA ROSE, as per Defendant's Exhibit No. 1, has been sold by his company (Steeleville Milling Company of Steeleville, Illinois) in the State of Mississippi, and in Meridian, Mississippi, for over twelve years."

The affidavit of F. A. Stahlberg (Rec., p. 23) states that—

"In 1895 he was treasurer of the Steeleville Milling Company, and in that year the said Steeleville Milling Company packed and sold flour under the brand TEA ROSE."

To the same effect see affidavit of William Winkleman (Rec., p. 24), and affidavit of James M. Pillers (Rec., p. 25).

The affidavit of William Murdock (Rec., p. 23) states:

"That his said company has only one book in its possession disclosing the designs of trademarks and brands of the Steeleville Milling Company of Steeleville, Illinois, and the Hanover Star Milling Company of Germantown, Illinois; that the said book contains the TEA ROSE brand or trade-mark which his said company prints for the Steeleville Milling Company, and the TEA ROSE brand which his Company prints for the Hanover Star Milling Company; that he has recently examined said book, and that there appears on page 2272 of said book the proofs of the TEA ROSE brand of the Steeleville Milling Company, and in one column thereof, the date of order, 1895, from the Steeleville Milling Company, and on pages 2304 and 2305 of said book, appears the TEA ROSE brand or mark of the Hanover Star Milling Company, and in one column thereof the date of order, 1898, from the Hanover Star Milling Company; that the bags of both companies were printed from the same cut, No. 1401."

This showing of facts is undisputed, and the Court, in its opinion, reviews the facts, as follows:

"It is shown by several depositions in support of the bill that plaintiff had established quite an extensive trade in the particular brand of flour in

Alabama and parts of Georgia, Florida, and Mississippi, over a period of from five to seven years; that it had encountered no competition in this territory from defendant until, about two years ago, it discovered a small shipment of defendant's brand at Tupelo, Mississippi, and later a shipment at West Point, Mississippi, to the time in February, 1912, when it is alleged Metcalf received a carload at Greeneville, Alabama, which precipitated the present litigation. Opposed to this array of facts by the plaintiff the defendant's showing is that in 1899 to 1903, inclusive, it sold at divers points in Alabama and Mississippi carload lots of its TEA ROSE flour under the distinctive wrappings indicated by the Steeleville Milling Company's cut, and that for sixteen years flour bearing the identical trade-mark exemplified in defendant's cut had been sold by defendant in carloads in the states of Illinois, Tennessee, Louisiana, Mississippi and Arkansas, including one lot in Alabama as long ago as 1899. It is further shown by defendant's exhibits that the words TEA ROSE label was first used as a trade-mark and stamped on flour manufactured by Allen & Wheeler of Troy, Ohio, as early as 1872, and had been continuously used by said firm and its successors up to the time of this suit. It also was shown by the records of a bag factory of H. & L. Bag Company of St. Louis, which makes bags for both plaintiff and defendant, that the orders of the Steeleville Milling Company for sacks labeled with the print containing TEA ROSE mark identical with that appearing in defendant's cut antedated the orders of the plaintiff's TEA ROSE print fully three years."

FINDING OF FACTS.

After this resume of the evidence the Court specifically finds the following facts:

> "From this summary of the evidence, at most, it does not appear that there is any preponderance favoring the contention that the plaintiff was the first appropriator of the trade-mark TEA ROSE, or that he had the exclusive right to the use of the label in the territory to which it sets up exclusive title * * *. On the contrary, the proofs show that defendant was for sixteen years consecutively supplying an extensive trade under that particular brand in Illinois, Tennessee, Indiana, Arkansas and Mississippi, with occasional shipments into Alabama. During most of this period bags stamped with the distinctive labels of both plaintiff and defendant were turned out by the same factory. * * * The evidence shows conclusively that the use by the Steeleville Milling Company of this brand, commencing in 1895, was so extensive and continuous throughout a large territory as in our judgment would wholly exclude the claim of the Hanover Star Milling Company to either act of first appropriator or exclusive use in any of the territory from which it seeks to expel defendant."

We take it, therefore, that it is conclusively determined by the Court of Appeals, in the opinion from which we have just quoted that the respondent's manufacturer, namely, the Steeleville Milling Company, and not the petitioner, was the first to adopt and use the trade-mark in question in the State of Alabama. Moreover, we insist that this finding of facts which is so clearly and forcibly shown by the record, and found by the Court is conclusive of the right of complainant

to maintain its bill, and we contend that the Court of Appeals upon the facts disclosed, entered the proper order dismissing complainant's bill.

II.

THE PRINCIPLE OF LAW AFFECTING THE TERRITORIAL EXTENT OF THE RIGHT TO USE A TRADE-MARK IS NOT CONTROLLING NOR INVOLVED IN THIS CAUSE.

The petitioner virtually admits in its brief filed herein, that the Allen & Wheeler Company of Troy, Ohio, was the first to adopt and use the words TEA ROSE as a trade-mark for flour in the United States; and it then asserts that inasmuch as the said Allen & Wheeler Company had not, prior to the filing of this bill, used the words, TEA ROSE as a trade-mark for flour in the State of Alabama, therefore, the said Allen & Wheeler Company had no exclusive right to the use of said trade-mark in the State of Alabama, but insists that petitioner, having first used the mark in that disputed territory, could exclude all subsequent users thereof in said territory. Thus, the petitioner hangs his case on the principle of law, applicable to the territorial extent of the right to the use of a trade-mark by the first adopter and user thereof.

We challenge the injection of this principle of law into this cause and say that it is unnecessary to be passed upon in this case for the reason that even though it should be held that the right to use a trade-mark is limited to that territory, where it is actually in use, still this could give no comfort to the petitioner, for the reason that the petitioner was not the prior user of the mark even in the limited territory embraced within the State of Alabama.

However, inasmuch as this question is so extensively urged by the petitioner, we will reply thereto:

The general principles of law applicable to trade-marks and the conditions under which a party may establish the exclusive right to the use of a name are well settled by the decisions of this Court.

The principle applicable and controlling in the case at bar is laid down as follows:

> "The exclusive right to the use of the trade-mark or device claimed as a trade-mark is founded on priority of appropriation; that is to say, the claimant of the trade-mark must have been the first to use or employ the same on like articles of production."
>
> Columbia Mill Co. v. Alcorn, 150 U. S. 460;
> Delaware & Hudson Canal Co. v. Clark, 80 U. S. 311.

Clearly, then, the first adopter and user of the words TEA ROSE as a trade-mark for flour has the exclusive right to the use of that mark for flour. The record before this Court discloses that the Allen & Wheeler Co., of Troy, Ohio, first adopted and began the use of the words TEA ROSE for flour in 1872, and further shows that they continued the use thereof to date. The opinion of the United States Court of Appeals herein finds as follows:

> "The proofs show that the Allen & Wheeler Company were the first to appropriate the TEA ROSE brand as early as 1872."

The affidavit of Thomas B. Wheeler (Rec., p. 19) says

> "that since the Allen & Wheeler Company appropriated and adopted said brand TEA ROSE

for flour it has used same continuously down to the present time."

This proof is not controverted, and it stands as an established fact from the record and the opinion of the lower court that the Allen & Wheeler Company were the first to appropriate and use the words TEA ROSE as a trade-mark for flour, and that such use has been continuous. Wherefore, we contend that the Allen & Wheeler Company, of Troy, Ohio, has the exclusive right to the use of the trade-mark TEA ROSE for flour, and is the owner thereof, and that petitioner has no legal right to the use of that trade-mark, and therefore its bill of complaint, which was necessarily predicated on the right of ownership or the right to the exclusive use of this trade-mark was properly dismissed.

It is contended by petitioner that conceding the priority of appropriation and use of the said trade-mark TEA ROSE for flour to be in the Allen & Wheeler Company, still the right of the Allen & Wheeler Company to the use of said trade-mark is not exclusive, but is limited to that part of the United States in which the Allen & Wheeler Company has actually sold its flour bearing that mark. It is further contended that petitioner was the first to appropriate and use said trade-mark TEA ROSE in the State of Alabama, and that therefore petitioner has the exclusive right to the use of said mark in that state, and consequently has a right to exclude respondent and all others from using said mark on flour in the State of Alabama. We challenge the soundness of the first contention and insist that under the rule aforesaid as laid down in Columbia Mill Co. v. Alcorn, *supra*, that the Allen & Wheeler Company have the exclusive right to the use of the trade-

mark in question throughout the boundaries of the United States.

We reply to the second contention of petitioner with the facts in the record and the findings of the facts by the court below, wherein it finds specifically as follows:

> "From this summary of the evidence, at most, it does not appear that there is any preponderance favoring the contention that the plaintiff was the first appropriator of the trade-mark TEA ROSE, or that he had the exclusive right to the use of the label in the territory to which it sets up exclusive title—neither on the ground of first or prior appropriation, because by a clear preponderance of the evidence the name TEA ROSE had been adopted as a brand of flour many years previous to plaintiff's use of the phrase for same purpose; nor on account of abandonment by the first claimant or such intermittent use of the trade-mark by the first owner as would justify the adoption by another on that ground. On the contrary, the proofs show that defendant was for sixteen years consecutively supplying an extensive trade under that particular brand in Illinois, Tennessee, Indiana, Arkansas and Mississippi, with occasional shipments into Alabama. During most of this period bags stamped with the distinctive labels of both plaintiff and defendant were turned out by the same factory. The evidence, in our opinion, points indubiously to Allen & Parker as having first adopted the TEA ROSE brand for their flour in 1872. Whether this use was so general or continuous as to exclude any other appropriation or entitle them to protection, the evidence shows conclusively that the use by the Steelville Milling Company of this brand, commencing in 1895, was so extensive and continuous throughout a large territory as in our judgment would wholly exclude the claim of the Hanover

Star Milling Company to either act of first appropriator or exclusive use in any of the territory from which it seeks to expel defendant."

THE RIGHT TO THE USE OF A TECHNICAL TRADE-MARK EXTENDS THROUGHOUT THE JURISDICTION OF THE SOVEREIGNTY WHEREIN THE RIGHT IS CREATED, AND IT IS IMMATERIAL TO ITS EXCLUSIVE USE THAT THE PROPRIETOR DOES NOT EXTEND HIS BUSINESS TO A PARTICULAR LOCALITY.

Kidd v. Johnson, 100 U. S. 617;
Columbia Mill Co. v. Alcorn, 150 U. S. 460;
Amoskeag Mfg. Co. v. Trainer, 101 U. S. 51;
McLean v. Fleming, 96 U. S. 245;
Saxlehner v. Eisner, 179 U. S. 19;
Saxlehner v. Siegel-Cooper Co., 179 U. S. 42.

This principle is sustained in the Court of Appeals in the opinion, which this Court is called upon to review, in the following language:

"Nor is property in a trade-mark limited to its enjoyment by territorial bounds, but may be asserted and protected wherever the law affords a remedy for wrongs. Saxlehner v. Eisner & Mendelson Co., 179 U. S. 19; Derringer v. Plate, 29 Cal. 292.

"The Steeleville Milling Company's first use and its extensive and continuous use established by the evidence in the territory of its selection gave it the unqualified right to extend unhampered its trade in flour under the TEA ROSE brand into any part of the United States, and that, too, without incurring the legal odium of unfair competition.

"To entitle the plaintiff to protection against un-

> fair competition in the dress of goods it should be clearly shown that he had established the exclusive right by prior adoption to dress his goods in the manner claimed. Coats v. Merrick Thread Co., 149 U. S. 562; Dietz v. Horton Mfg. Co., 170 Fed. 865."

It is insisted in the brief of the petitioner that the priority of use of the trade-mark TEA ROSE as between the Hanover Star Milling Company and the Steeleville Milling Company was in the former company. However, there is no evidence in the record nor is it even insisted in the brief that the Hanover Star Milling Company preceded the Steeleville Milling Company in the use of the words TEA ROSE for flour in the State of Alabama, and the opinion of the Court of Appeals, which this Court is here asked to review, finds specifically that

> "several depositions in support of the bill show that plaintiff had established quite an extensive trade in the particular brand of flour in Alabama * * * over a period of from five to seven years. * * * Opposed to this array of fact by the plaintiff the defendant's showing is that in 1899 to 1903, inclusive, it sold at divers points in Alabama and Mississippi carload lots of its TEA ROSE flour under the distinctive wrappings indicated by the Steeleville Milling Company's cut,"

so that irrespective of whether the Hanover Star Milling Company preceded the Steeleville Milling Company in the use of this trade-mark in Illinois, or elsewhere, without the State of Alabama, still the record is clear and convincing that the Steeleville Milling Company preceded the Hanover Star Milling Company in the limited territory in dispute.

There is no proof to support petitioner's first use of

the trade-mark TEA ROSE. The bill alleges that they have used it 27 years in the United States and 12 years in the disputed territory, the State of Alabama, but there is no proof to support this. There is no evidence in this record of

(*a*) who made the first stencil for petitioner,
(*b*) who printed the first sack for petitioner,
(*c*) the name of the first purchaser from petitioner,
(*d*) or the year of the first use by petitioner.

On the contrary, respondent shows specifically by disinterested proofs

(*a*) the year of the adoption and the beginning of the use of the trade-mark in dispute,
(*b*) the year and the date of the first order for bags marked with the mark in dispute,
(*c*) the name of the bag house who printed the bags with the mark in question,
(*d*) the date of the first sale in the disputed territory, the State of Alabama, and
(*e*) the name of the purchaser who made the first purchase of this flour in the disputed territory.

The petitioner herein bases its argument principally upon the holding of the Circuit Court of Appeals in the case of Hanover Star Milling Company v. Allen & Wheeler, 208 Fed. 513. An examination of the record in that case discloses a different state of facts from that established by the record in the case at bar. In that case there was no showing as to the time of the adoption and use of the trade-mark TEA ROSE for flour by the Steeleville Milling Company, nor that prior to the time petitioner had sold its TEA ROSE flour in Alabama, another mill about seventy-five miles distant from petitioner's mill, namely, the Steeleville Milling

Company, had sold its TEA ROSE flour in the State of Alabama, and as early as 1899; nor did the record in the former case show that there had been active competition in the market in the Southern States between petitioner's TEA ROSE flour and the TEA ROSE flour of respondent's manufacturer.

The decision of the Court (apparently ignoring the essential attributes of a technical trade-mark and the method of acquiring the right to the exclusive use thereof) in the Allen & Wheeler case, *supra*, is based principally upon the fact found from the record that the State of Alabama and its adjacent States were virgin territory at the time the Hanover Star Milling Company entered with its TEA ROSE flour. The record in the case at bar clearly establishes that when Hanover Star entered Alabama and the adjacent States with its TEA ROSE flour, it had been preceded by the Steeleville Milling Company, and therefore this record shows that Alabama and its adjacent States were not then virgin territory, as found by the Court in the Allen & Wheeler case. We submit that the ruling in that case is in conflict with the established rules of law applicable to trade-marks, as laid down by a long line of decisions of this Honorable Court in the cases hereinabove cited.

From the foregoing it is evident that petitioner has no right to monopolize the words TEA ROSE for flour, because it has not shown an exclusive right to the use of this trade-mark, either in the State of Alabama, or any other section of the United States.

If a technical trade-mark is a local right, respondent's manufacturer is entitled to its exclusive use in the State of Alabama, because it was the first to use it there; if it is a right which is co-extensive with the

territory of the United States, and is not a local right, Allen & Wheeler Company is entitled to its exclusive use, because they were the first to use it in the United States. From either viewpoint the petitioner is a proven trespasser or infringer upon the rights of others, and is therefore not entitled to any relief. This principle has been announced by this Honorable Court in the case of Ubeda v. Zialcita, 226 U. S. 452, wherein it was held:

> "One whose registered trade-mark is manifestly an imitation of an earlier but unregistered trade-mark, cannot restrain a third party from using it."

A still further reason why the petitioner is not entitled to any relief is the misstatement on its flour sacks (Rec., p. 36). The sack in which petitioner markets its flour contains a misrepresentation, to the effect that the flour which it markets under the name TEA ROSE is "THE WORLD'S BEST". This statement is a misrepresentation of quality, in view of petitioner's own showing. The president of the petitioner corporation, Mr. Schurmann, has stated in his affidavit (Rec., p. 35) that its TEA ROSE flour "is a high-grade patent flour, but not a fancy patent; a high-priced flour, but not the highest priced flour". The affidavit of Mr. Eddins (Rec., p. 26) is to the same effect. In other words, the flour which petitioner markets under the name TEA ROSE is even not the best grade of flour, from its own showing, which it makes. This is clearly a misstatement in regard to the quality of flour. It leads its customers to believe from this inscription "THE WORLD'S BEST", that they are not only purchasing the best flour which the petitioner makes, but the best flour in the world.

This is not merely puffing which is permissible, but is clearly a misstatement of quality, and is deceptive.

There are numerous decisions to the effect that the Court will not protect nor sustain a party in deceiving the public in regard to any material fact. We deem it that a misrepresentation as to quality is a material fact, and by petitioner's own showing the inscription on its TEA ROSE sack is a misstatement. It is not improbable, or not unlikely, that the alleged extensive sales of petitioner's flour have been brought about by this statement.

The general rule concerning the effect of false or misleading representations by the plaintiff in the use of the mark upon his right to relief in equity has been comprehensibly stated by this Honorable Court in Worden v. California Fig Syrup Co., 187 U. S. 516.

From the foregoing reasons we respectfully submit that the decree entered by the Court of Appeals for the Fifth Circuit herein dismissing petitioner's bill was right and should be affirmed.

Respectfully submitted,

J. FRED GILSTER,
Solicitor for Respondent.

EDWARD EVERETT LONGAN,
Of Counsel for Respondent.

Supreme Court, U. S.
FILED
DEC 18 1923
JAMES D. MAHER
CLERK

IN THE

United States Supreme Court

OCTOBER TERM, 1923

No. [redacted] 23

HANOVER STAR MILLING COMPANY,
Petitioner

vs.

O. B. METCALF, *Respondent*

[redacted]

[redacted]

IN THE

United States Supreme Court

OCTOBER TERM, 1913

No. _____

HANOVER STAR MILLING COMPANY,
Petitioner.

vs.

D. D. METCALF, *Respondent.*

Brief for the Respondent in Opposition to the Petition for Writ of Certiorari herein filed.

Respondent, D. D. Metcalf, respectfully submits that the petition herein should be denied for the following reasons, to-wit:

First: Because, as this Court is aware, the precise point of law, namely as to whether a technical trade

mark is territorily limited, for instance to a state or subdivision thereof, is *already before this Honorable Court in the case of Allen & Wheeler Company, Petitioner vs. Hanover Star Milling Company, Respondent,* No. 793, the said petition for Certiorari in said cause having been granted on December 8, 1913.

Second: Because the decision and opinion of the Circuit Court of Appeals for the 5th Circuit herein sought to be reviewed is in absolute harmony with the facts in the record and the decisions of this Honorable Court, the state Courts and the text writers on this subject. (See Kidd vs. Johnson, 100 U. S., 617; United States vs. Steffens, 100 U. S., 582; Columbia Mill Co. vs. Alcorn, 150 U. S., 460; Derringer vs. Plate, 29 Cal. 292; Brown on Trade-Marks, §47 and §324, Cyc. Vol. 38, 687; Hopkins on Trade-Marks, §13; Paul on Trade-Marks, §88.)

Third: Because, regardless of whether the right to a technical trade-mark is territorily limited the Petitioner in this cause cannot prevail or hope for recovery because it was not the first to use the mark Tea Rose either in the *disputed territory* or in the United States, as properly found by the United States Circuit Court of Appeals for the 5th Circuit in language as follows, to-wit:

"From this summary of the evidence, at most, it does not appear that there is any preponderance favoring the contention that the plaintiff was the first appropriator of the trade-mark TEA ROSE, or that he had the exclusive right to the use of the label in the territory to which it sets up exclusive title—neither on the ground of first or prior appropriation, because by a

clear preponderance of the evidence the name TEA ROSE had been adopted as a brand of flour many years previous to plaintiff's use of the phrase for same purpose; nor on account of abandonment by the first claimant or such intermittent use of the trade mark by the first owner as would justify the adoption by another on that ground. On the contrary the proofs show that defendant was for 16 years consecutively supplying an extensive trade under that particular brand in Illinois, Tennessee, Indiana, Arkansas and Mississippi, with occasional shipments into Alabama. During most of this period bags stamped with the distinctive labels of both plaintiff and defendant were turned out by the same factory. The evidence in our opinion points indubiously to Allen & Wheeler as having first adopted the TEA ROSE brand for their flour in 1872. Whether this use was so general or continuous as to exclude any other appropriation or entitle them to protection, the evidence shows conclusively that the use by the Steeleville Milling Company of this brand commencing in 1895 was so extensive and continuous throughout a large territory as in our judgment would wholly exclude the claim of the Hanover Star Milling Company to either act of first appropriator or exclusive use in any of the territory from which it seeks to expel defendant."

Fourth: Because, from the facts contained in the record of the case and as clearly set forth and found in the opinion, the Respondent's precise label had been in use fully three years before Petitioner's, the said Petitioner's label having been printed from Respondent's cut by the H. & L. Chase Bag Co., as found by the Court in the decision in question:

"It also is shown by the records of a bag factory of the H. & L. Chase Bag Co., of St. Louis, which makes

bags for both Plaintiff and Defendant, that the orders of the Steeleville Milling Company for sacks labelled with the print containing TEA ROSE mark identical with that appearing in Defendant's cut antedated the orders of the Plaintiff's TEA ROSE brand fully three years. * * * * * * *The Steeleville Milling Company's first use and its extensive and continuous use, *established by the evidence in the territory of its selection*, gave it the unqualified right to extend unhampered its trade in flour under the TEA ROSE brand into any part of the United States, AND THAT TOO WITHOUT INCURRING THE LEGAL ODIUM OF UNFAIR COMPETITION."

"To entitle the Plaintiff to protection against unfair competition in the dress of goods it should be clearly shown that he had established the exclusive right by prior adoption to dress his goods in the manner claimed. (Coats vs. Merrick Thread Co., 149 U. S., 562; Dietz vs. Horton Mfg. Co., 170 Fed. 865.")

Furthermore, the exclusive right being in a third party, the Allen & Wheeler Company, their rights, and not Petitioner's, might have been violated.

"One whose registered trade-mark is manifestly an imitation of an earlier but unregistered trade-mark, cannot restrain a third party from using it." Mr. Justice Holmes in UBEDA v. ZIALCITA, 226 U. S. 452.

We therefore, respectfully submit that the Petition for Writ of Certiorari herein filed should be denied.

EDWARD EVERETT LONGAN,

J. FRED GILSTER,

Counsel for Respondent, D. D. Metcalf.